Tuesday May 4 1982





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e EXXON, the U.S. oil compacy, is dropping its \$5bn Colony oil shale project in

EMS April 30, 1982

Grid

ECU- DIVERGENCE

on European Monetary System exchange areas. The upper grid hased on the vicakest curroncy in the system dolines the cross rates from which no currency (escept the lira) may moye more than 24, per cent. The lower chart gives each currency's divergence from the cental rate against the European Currency Unit (ECU) itself a basket of the contract of th

• D-MARK was firm at the top

of the European Monetary System last week, finishing

The Italian Hra replaced the

Belgian franc as the weakest

member of the system, the French franc fairly sleady in the middle of the EMS.

The Danish krone fell below the Dutch guilder, and the Dutch currency hecame the second stronges! EMS member,

although it cased against the D-mark, which was helped by a

move out of the dollar as Euro-

@ GOLD: In New York. the

cor company, with a view to

making VW cars in Spain under

• INTEREST RATES could be reduced when the Falklands crisis is resolved, as the inexpectedly low rale of public

• ENGINEERING employers

could face claims for further reductions in working hours

• FLEXIBLE AIR FARE

licence. Back Page

Government. Back Page

next year. Back Page

mex May close was \$345.4

above its divergence limil.

Colorado. Back Page

YEWS SUMMARY

GENERAL BUSINESS Reagan Exxon 'willing' drops to meet \$5bn **Brezhnev** project

President Reagan Indicated yesterday be might he willing meel Soviet President Brezhnev in October.

Officials said, however, 1t was too early to say whether Mr Reagan would accept Mr Brezhnev's proposal last month lor a ful-acale summit in a neutral European country.

Mr Reagan has long said he would favour a summit pro-viced it was "well-prepared" and this remains a U.S. precondilion. Back Page

Channel link talks Proposals for a fixed Channel link will he discussed by ministers this week following delivery of an Anglo-French government study.

Card fraud move

Coneficial Trust is to assue its hink account holders with reque guarantee cards carrying a photograph to curb card frauds. Back Page

Constable dies

A detective coostable involved in an incideul at Manchesler Airport last month died from his head injuries.

Scouts found

Four scouts missing on Snowdon were found "cuddled up in sleeping bags" by a rescue helicopter after a night of rain and 80 atph winds,

Snow falls

Six inches of some fell to Co Durham, while Northum-hrian police said they "lost count" of caravans blown over in high winds. Weather, Back

Dispute decisions Possible disputes in the docks. railways and health service move out of the dollar as dollar interest rates fell.

Coup trial charge

Col "Mad Mike" Hoare, leader of November's Scychelles compatiempl, said at his South African Irial the Pretoria Government had supplied the Page 24 (\$342.70).

425 held in Naples Seal, the Spanish state-owned Naples police arrested 425 perple in a 24-hour operation against ganusters, drug peddlers and common criminals.

Riot deaths suit

The Portuguese Cabinet said it planned to sue finion leaders borrowing has recently eased over the deaths of two workers the financial pressure on the in a May Day rint in Oporto. Strike called, Page 4

Reactor halted

France stopped indefinitely its nuclear research reactor at Marcoule in the south after reports of leaking sodium last

Burials stopped

Burials at Liverpool's four main cemeteries are stopped this week because of a council workers' strike due to start today.

Briefly . . .

Three skinheads were in hospital after Bank Holiday clashes in Southend.

Seventeen of 200 passengers were slightly hurt when a train hit buffers at Folkestone East

West Belfast police found three 500 rounds of ammunition in a school. Italian pay strikes will disrupt transport this month, including Venetian waler buses and domestic air flights.

CONTENTS =

Argentina: a crisis of on domestic economic U.S. economy: Reagan's Commercial law: when Budget 17 ships cause damage ... 14 Technology: solar power Editorial comment: Falkfor space telescope 10 lands crisis; European Management: small busi- steel 16 ness and the big banks 12 Survey:

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Money & Exchags.

Weather World Econ. Ind. World Stock Mkts. World Trado ... ANNUAL STATEMENTS INTERIM STATEMENT PROSPECTUS AD.

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Government considers increasing force on junta over Falklands

fighting.

jammed.

BY PETER RIDDELL, POLITICAL EDITOR

 The UK Government said yesterday it believed military pressure on Argentina would have to be applied for some time longer. Ministers are more pessimistic about chances of an early diplomatic breakthrough.

The Argentine cruiser General Belgrado was torpedoed just outside the 200 mile total exclusion zone during Monday night. Argentine chiefs of staff said it was "presumed sunk." Two Argentine patrol boats were attacked by task force helicopters. One

was sunk and the other damaged. · Mr Francis Pym, Britain's Foreign Secretary, returned from New York after talks with Sr Javier Perez de Cuellar. UN secretary general, and Mr Ling Qing of China, president of the UN Security Council. No new formula has emerged.

ting will have to be applied for some time longer, and possibly matic breakthrough in the Falklands crisis.

The UK view, underlined by Mr Francis Pym, the Foreign Secretary, in New York yesterday, is that the immediate objective is lo secure the 200mile intal exclusion zone around the islands, and that any military conflict will be as a of an Argentine challenge. Officials in London were last

speculation about an luminent large-scale invasion of the islands. But that would be the official view whatever was planned. The British preference still appears a stendingle approach. The next decision will be whether pressure should be maintained by limiting military countries.

night lrying to discourage

activities over the next few days to protecting the total exclusion zone, thus isolation the islands, or whether new action, such as a limited lovasing, should be taken now to enforce the withdrawal of the Argentine forces. The appraisal going to senior

in the light of the weekend's

of which he said diplomatic

THE GOVERNMENT believes efforts did not "look terribly Foot said in Ebbw Vale yester-that military pressure on Argen- hopeful at the moment." day that Labour believed that

Intensified, since Ministers have crisis is due 10 meet at 9 am hecome even more pessimistic to hear Mr Pym's report before about the chances of a diploa full Cabinet meeting at 10 ani. for the interests of the country A stalement wilt be made to the

> Falkland stories la full. Pages 2 and 3 Editorial comment, Page 16 Argentina: A crisis identity, Page 16

Commons in the afternoon, probably by Mr Pym, though no decision has been reached. After the military events of

the last three days the Government will face a delicate operation to maintain broad political support at Westminlstch. Ministers are assured of strong, and probably vocal, hacking from Tory hackbenchers, but they now face doubts from some Unbour MPs. But the view at Westminster is that the bipartisan approach is still-juststrined.

of the position this morning who have accepted. Any dis-

The small group of aenior the House of Commons was the ministers concerned with the proper place for these discussions to take place.

been

• The Spanish Government said.

Britain was committing "an historic mistake." Press reports gave promin-

ence to Argeotine versions of the

In Latin America most criticism was

reserved for the U.S. support of the British. The Soviet Union accused Britain of "the grossest disregard" for international law.

In Argentina there have been no

public appearances by national leaders

for several days. There have been no major public rallies. BBC Spanish language broadcasts have been

• The 66,000 ton luxury Cunard liner

OE 2 was requisitioned to carry an

infantry brigade to the South Atlantic.

Sterling continued to strengthen in quiet trading in New York

"We believe it is essential aa a whote because we believe the fullest possible reports should be given in the House of Commons, particularly on the diplomatic aspects of the

Mr Foot argues that the Opposition should be free to scrutinise Government actions and not be inbibited by secret briefings. Mr Foot yesterday refused to

comment on the latest military developments before a Shadow Cabinet meeting this morning. His view, backed by most Labour MPs, is that it was right to send the task force to reinforce diplomtic efforts. But be has taken a somewhat amhiguous position byer the use of force and has clearly distanced himself from Mrs Thatcher in his stress on the immediate involvement of the United though undoubtedly Nations in negotiations.

trined.

A key test of the effect of Following the refusal of Mr the crisis upon the Govern-Michael Foot, the Labour ment's standing will come in leader, to toin in confidential Thursday's elections for nearly talks of all party leaders at 5,000 local council seats in Eng-Downing Street, Mrs Thatcher land and Scotland. Recent ministers is that there are no will this morning decide opinion polls indicate a sharp signs yet of any movement to whether to go ahead with dis- rise in Conservative support as wards a deal in Buenos Aires.

Mrs Thatcher and her colleagues are due to take stock of the nosition this married.

Owen of the Social Democrats of national crisis.

The main impact could be on cussion would be on the diplo- the SDP/Liberal Alliance which military events and of Mr Pym's matic side and operational is making its first nationwide visit to the U.S., at the end matters would be excluded. challenge and could ge squeezed Explaining his decision. Mr by any Tory recovery.

O AUCES Argentina CHARLE WITH STREET, THE STALE OF THE STREET, THE STALE OF FALKLANDS 200 MAE TOTAL

Argentine ship is sunk as Britain steps up pressure

BY DAVID TONGE IN LONDON AND JIMMY BURNS IN BURNOS AIRES

day, sinking an armed Argentine patrol craft only hours after a submarine had "severely damaged" the General Belgrano, the cruiser which is the second largest ship- in the Argentine fleet.

chiefs of staff said the cruiser At the weekend it claimed is "presumed sunk" in the that 11 British Harriers were South Atlantic. There was no destroyed, but the Ministry of word on the fate of the esti- Defence Issued a lengthy remated 1,000 crewmen aboard buttal yesterday of Argentine the ship.

The Ministry of Defence Said yesterday that the cruiser posed a significant threat to superficial shrappel damage, the the British task force." her spokesman said yesterday. One Under the tief force had the defence of the tief force of the tief for 12 miles. These two incidents came

after a weekend which saw Britain and Argentina sharply intensify hostilities and Britain prepare to send more troops to the South Atlantic.

One Canberra was shot down. as were two Mirages, one by the Argentines' own fire, according to the Ministry of Defence in

The Argentine patrol craft sunk yesterday was apparently if Britain attacked the trying to run from Port Stanley Falklands. Another patrol craft with her ras damaged by Royal Naval helicopters after they had been

Argentina yesterday put a bold Francis Pym, the Foreign Sec-right for UN involvement.

BRITAIN stepped up military face on its military reverses, pressure on Argentina yester- announcing despatch of vessels to the area of the cruiser to night.
belp ber "if necessary." Speal
A military communique ad in Was

she bad knocked out a number Last night the Argentine of British Sea Harriers. At the weekend it claimed

"fabrications."

6-in, guns have a range of about member- of the task force had suffered a chest wound, he The three days of fighting appear to bave hardened-attitudes oo both sides.

In Buenos Aires Sr Rudolfo Atlantic. Baltierrez, the Presidential The brigade to include bal-spokesman, confirmed that talions of Gurkhas and Scots Argentina had rejected a peace plan put forward at the week-On Saturday Britain launched spokesman, confirmed that air and sea attacks on Port Argentina had rejected a peace Stanley airfield and the airstrip plan put forward at the week-

of Goose Green.

The Argentines retaliated by It was announced yesterday sending Canberras and Mirages that two of the Closest military Paul Beits in New York to attack the British task force. Aides of the President, General writes: Mr Pym, before return-Hector eglesias and Rear Admiral Benito Moya, were flying to Lima, but observers in the Argentine capital connected this to Peruvian offers of military assistance to Argentina

> As the Argentines showed no signs of being prepared to com- claimed that Sr Perez de Cuellar promise over their claims to gave him the impression that the Falklands in New York Mr. he did not feel the lime was

ment of British demands last

Speaking after consultations in Washington and at the UN. mitted that the Belgrano had he stressed Britain's demand been hit, but last night the for Argentine withdrawal and juota continued to claim that abandonment of the junta's claims that its sovereignty over the islands was not negotiable.

He spoke with a determination which took many at the UN by surprise. However, after meetings with the UN Secre-tary-General and the President of the Security Council, he ruled out any immediate UN involvement in the Falklands

Underlining .British resolve, the Ministry of Defence an-nounced yesterday that 5 Infantry Brigade was to be sent to be sent to join the estimated 5,000 marines and paratroopers already despatched to the South

ind by Peru. commandeered by the Royal It was announced yesterday Navy yesterday.

claimed that Sr Javier Perez de Cuellar, the Peruvian UN the British position.

But he acknowledged that the Secretary-General did not necessarily share the Brillsh view, The Foreign Secretary also

Police use gas in Warsaw riots

and batons clashed in Warsaw streets yesterday with thousands of youths protesting against martial law and in support of the suspended Solidarity

structure for transatiantic and 10 European nations. Page supporters niarched a LLOYD'S BILL for improving the insurance market's selfregulation comes hefore a House of Lords select com-mittee today. Page 6

ATRWAYS BRITISH launched a £2m advertising campaign on TV infaded to attract the business community to the airline. Page 7

VOLKSWAGEN. West Germany's leading car maker, suffered a 58 per cent drop in after-tax profits last year to DM 136m (£32,49m). Its recent acquisition, the office equip-ment maker Triumph Adler. suffered a 150 per cent increase

per cent higher sales. Page 22

BY CHRISTOPHER BOBINSKI IN WARSAW POLISH police using tear gas using lond-halers told the crowd of sanctuary of the churches and

demonstrators. The prolesi was the second

in three days. On Saturday more than 20.000 Solidarity hindered through the old town but yesterday the authorities evidently decided to enforce the han on marches and mass

The demonstration started in Warsaw old town where the streets are narrow at 4 pm when people gathered outside

of more than 5,000 to disperse. did not go in. Soon afterwards they brought water cannon to bear on the

A charge by police with similar skirmishes broke out between the youths and the police who were also firing tea reas canis- police moved forward. rs and magnesium flares. "Free Lech Walesa"
The youths fought back with another popular cry. ters and magnesium flares.

picces of concrete broken off barricades out of benches and lifted.

A few minutes later police The police respected the right stitution in 1791.

World War was the scene of

skirmishea with the chanting "Solidarity, waving batons followed, pushing the crowd back into the square. It was then that working for 2" to the police. The chant changed to "Gestapo, Gestapo," when the

The picturesque old town

square rebuilt after the Second

The skirmishes tooked set to ornamental flower containers, go on well into the evening as The threw back the gas can-yesterday was the first day nisters and built makesbift when the curfew has been

when people gathered outside St John's Cathedral and in the square in front of the Castie many old town churches where a Mass was being held yesterday evening to Royal, which is altuated at the masses were due to begin at celebrate the May 3 auniversary of Poland's first Liberal con-

International Harvester chief quits

BY RICHARD LAMBERT IN NEW YORK

MR ARCHIE McCARDELL, controversial chairman of the ailing International Harvester Company, has resigned all offices in the company at a critical moment in its fortunes. The Chicago farm machinery and truck-maker gave no explanation for this unexpected which was effective

immediately.

But it said that the managefrom Mr McCardell's departure "would help secure lender approval of the modification that would be required in the company's financial structure." There was some speculation vesterday that the resignation was part of the price that the hanks might he demanding to

badly-needed financial reconstruction. Conlinental Illinnis, one of International Harvester's main lenders, said that it had heard of the resignation only after the

lake parl in the company's

up a new finance committee responsible for the restructur-ing programme and relations with the lenders. Though Mr McCardell was on this committee be was not its chairman. This is the second major change in International Harvesler's top management in two

Mr Warren Hayford resigned as president and chief operatment changes which followed ing officer. The move was not explained, and Mr McCardell took on the additional title of company president. The new chalrman and chief executive is Mr Louis Menk. 64, who recently relired as chairman and chief executive of

months. At the end of March

vester's hoard since 1974. Donald Lennnx, until now president of Harvester's manufacturing group.

Last week the company set Intercational Harvester had

Burlington Northern and has

been on International Har-

ratified a new labour contract with the company which would play a key part in its survival Under the contract, which runs to the end of September

1984, employees will give up an annual 3 per cent wage rise over the next two years, as well as holiday entitlements, including up to five weeks' paid both day in both 1983 and 1984. n return they have been

promised an unspecified share in profits in those years, and given various undertakings on plant closures and level of sub contracted work. International

problems date back lo crippling strike by the UAW that began in 1979 and lasted nearly slx months. It left a The new president is Mr degree of bitterness between management and workforce. Some Wall Street analysts sald vesterday that the board changes nught be part of an In a separate announcement changes nught be part of an the United Automobile Workers' attempt at a frest start with the union said that ils members at unions.

Men and Matters, Page 16

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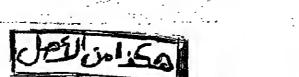
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JOHANNESBURG

JOHANNESBURG

Argentina

in Soviet

grain sales

By fimmy Burns in Buenos Aires

THE ARGENTINE Govern-

ment has rejected reposts

that the Soviet Union is post-

poning grain contracts, elaiming that its grain trade is

continuing to run normally in spite of the Fatklands crisis.

Sr David Lacroze, the

Under-Secretary for Agricul-

ture and spokesman for the National Grain Board, said

that Argentina " had no prob-

tems" getting international shipping companies to export its grains. He did not helicve reports that Moscow, which is

the Argentine's main client.

was looking to the United States as an alternative source because of Argentina's reinctance to agree to six months'

However, according to trade

analysts here, the Soviet

Umon has postponed all new

grain contracts with Argentina since the invasion of the

Falklands on April 2. " Every-

one is waiting to see what happens next," one expert

Analysts said new contracts are being stalled largely because of the prospects of

an all-out war between Britain

and Argentina in the South Atlantic and the negative effects this might have on normal shipping rontes.

Loading operations at Argentina's major mainland

ports have so far been un-affected by the British blockade around the Falk-

recognise, however, that

Argentina during the crisis

were committed in contracts

signed on the futures markets

months ago, and do not reflect

Sr Lecroze sald that 2.5m

tonnes of grains had left

Argentine ports during April,

although he did not detail

what proportion of this had

Argentina is expecting a

1981-82 grain and oil seed

harvest of ahont 34m tonnes.

This is higher than was fore-

cast a few months are, when

severe drought had provoked

fears of substantial eror losses. The drought damaged

wheat production has recent

rains, although delaying the

harvest, have generally bene-

fited maize and oil seed crops.

Argentina is hoping to have

19m tonnes available for

export this year. This com-

pares with experts of 20.4m

in 1981 from the record 1980-

81 harvest of 35.7m tonnes.

Up to the end of the first week in March. Argentina had

committed 8.3m tonnes for

sale from the 1981-82 crops-

some 80 per cent of this to the Soviet Union.

Significantly. Argentina's grain trade was already in

difficulties before the April 2

invasion. Disruption from recent rains had compounded

problems already caused by

the late start to coarse grain

harvesting this year and had caused a substantial build-up

in ships waiting to load. This

been in Saviet ships.

severely disrupted in

privately

exported from

lands. Traders

event of fighting.

Grains

any new sales.

credit on grain exports.

denies hitch

QE2 CALLED UP TO FERRY INFANTRY

Troops may become a garrison

Defence to carry infantry troops to the Falklands.

The surprise announcement by the MoD yesterday means that Cunard, part of the Trafalgar House group, has the problem of contacting 1,760 Bookings: people to tell them that the liner's next cruise, due to start this evening is cancelled.

A container ship, Atlantic Causeway (also owned hy Cunard), of 18,146 dwt and two ferries owned by Town-send Thorensen, have also been requisitioned to assist the QE2. The luxury liner will carry nearly 3,000 men of the 5th Infantry Brigade, who have just returned from a special four-day training exercise in

Pressure

grows on

Falklands

THE luxury liner QE2 has been Wales to prepare them for pos- Cunard's managing director, for the round trip hut longer requisitioned by the Ministry of sible action in the South was unable to say bow cruises can range from £6,000 Atlantic. The container ship schedules would be affected it to £32,000 for a world cruise. will be used to transport heli- seems likely that much of the copters needed to give the early summer programme will hrigade air support.

The liner was due to arrive in Southampton this morning and scheduled to leave the same evening for a 13 day Mediterranean cruise.

It is scheduled to make 22 transatlantic crossings and 15 cruises this year. Bookings for this year's programme were holding up with an average of around 1,400 to 1,500 passengers

Though Mr Bernard Crisp, New York start at around £470

he disrupted, which could affect up to 50,000 would be pas-

The 67,500-ton luxury liner can carry 1,850 passengers and 1,000 crew. It is equipped with four restaurants, four swimming pools, a gymnasium, shops. a casino, two libraries, plus a wide range of entertainment.

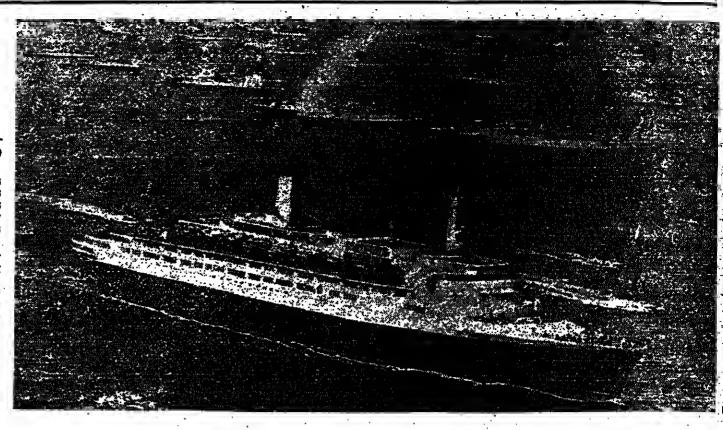
Last year Cunard stated that the QE2 needed to earn around £50m a year to cover its running costs. The UK bill is £10m alone.

Cruises from Southampton to

reimhursed sbipping companies for the requisitioning of vessels though Cunard has reportedly taken out insurance with Lloyd's against loss of earnings.

The QE2 was earmarked four years ago to be available at short notice to serve as a troop carrier. It is one of about 300 merchant ships which could he used in an emergency to transport reinforcements.

• The QE 2 on a previous occasion—the Jubilee review of the fleet by the Queenwith warships of the Royal



invaders By David Tonge

THREE SUCCESSIVE days of military engagement between and Argentina have given Britain what its officials wanted—a step up in the pressure on the Argentine junta. The estimated 10,000 Argantine invasion troops on the Falkland Islands are now isolated and increasingly being

reduced towards the status of

tried s first strike against the British task force and, by losing threa aircraft, has found the costs involved. The Argentine navy has been given a grim warning of the dangers it faces from British submarines and air-

These developments cause many strategists to argue that Britain should now allow this pressure to work through. "I would let the Argentines sweat for a bit," says Admiral Lord Hill-Norton, a former Chief of Defence Staff. He agrees with those who suggest that Britain should now spread "alarm and despondency" through Argentina's largely conscript forces on the Falkland Islands.

Under this approach, the squads of SAS and Special Boat Service personnel believed to be on the islands could sabotage fuel, food and ammunition dumps. Attacks could be made on any remaining Coin planes, a counter-insurgency plane which might well be able to take off from what is left of Stanley airfield and could barass any British attempt at a landing. And the Argentine troops could be kept awake night after night by shelling. All this could be combined with use of electronic measures to interfere with the garrison's communications with Argentina and further underline its

isolation.
This waiting game is the first of the major options which remain open to the Britisb. Under this option, troops could at some time be landed on the islands, probably on East Falkland, but not at a point which would lead to an immediste major engagement

with Argentine troops.

Britain would probably want to wait until the Canberra, with some 2,000 troops on board, joined up with the main task force, bringing its total complement of marines and paratroopers up to around

The Camberra is likely to be on station in the next two days and Admiral Hill-Norton is the first to admit that other pressures could cause the Government to instruct Admiral task force, to act sooner rather than later.

have abandoned is leaving an cannons that had only a limited escape route open for the Argentines to withdrsw their troops from the islands.

On the political side, the Government now bas less faith in being able to negotiate a sights, firing until they scored settlement with the Argentine junta then hefore. It has to make sure that it acts hefore public opinion either at home or abroad turns against a Furthern the first surface of the enemy broke away, or the enemy broke away, or the enemy broke away, or they overshot the enamy, else of its equipment, secret, arget. This is where the duel but which are designed to enable the formula turns against the first surface of the first surface. abroad turns against it. Further, snd swirling vapour trails that any enemy counter-attacks. the Prime Minister has made clear her concern about the rtsks posed by the weather.

The weekend's events have shown that Britain is not hesitating to use force when it perceives a threat. Another option ooen to it is s pre-emptive strike against the airfields such as Comodoro Rivadavia

What Britain does largely depends on how Argentina acts next. "They could always try to save face by deploying their airforce against us rathar than given in," aays Admiral Lord Hil-Norton. Another possibility is that Admiral Isaac Anaya, the Argentine naval chief, might decide to bring his ships for-

In many ways the British are hoping for this as this will bring them out of the shallow waters off the Argentine coast into the deeper sea where the British submarines, with their torpedoes with a 40-mile range, jodge from the three-page statistics, puts Argentina well

m to be waiting. The despatch of the cruiser, Listener, General Belgrano, to waters misconceptions. The people south of the Falklands indicates who made it acknowledged that \$130 per kilogram, totalling that Admiral Anaya is becom- the programme drew heavily only 30,000 tonnes. This is less ing restive. Admiral Lord Hill- for its information on soldiers. Norton says the ship's move- including guards, rather than example. "defy comprehension." on scientific or managerial

Sunday service brings air of normality to troopship

BY ROBERT FOX ON CANBERRA

AS THE FIRST news of the air chaplain, the Rev Noel Mullen, platoon or a Land Rover and battle round the Falklands read a letter from the senior trailer.

One of the biggest problems

helicopter. Groups of 20 troops the fighting round the Falk now that they may be so for at a time have been practising lands, awaited avidly on the many months to coma, at a cost loading themselves into each BBC World Service, is received to the Treasury that can only ship observed the rituals of an English Sunday.

In the ship's cinema a congregation of about 100 attended n interdenominational service. Troops, naval officers and ratings, the civilian crew with their junior women officers sporting bonnets like nautical traffic wardens, sang favourites like "He Who Would Valiant Be," and "Eternal Father Strong To Save," and heard an exposition of the raising of Lazarus from a parachute regi-

chaplain, in which be quoted Cardinal Hume's condemnation of Argentine aggression.

As the service was conducted, marines and paratroopers went through yet another series of exercises for an amphibious assault. The troops learn to embark and disembark from Ses King helicopters. They wear full kit and bave their weapons amphibious warfare: "The at the ready. They also practice weather conditions in the Falk-

will he for these vessels to nego-tiate the surf ferrying men and the hridgehead. The inclement weather of the Falklands is one of the most important considerations in the planning of the assault. According to Commodore Michael Clapp in charge of emphibious warfare: "The

loading into the two main lands are not entirely unknown of the very different kinds of clothes for the Falklands' assault craft now heing used, to us. They are much like the ships involved — warships, peculiarly soggy climate. the LCU (landing craft utility) winters in the Fsroes or the ssault ships and the many Many of the civilian ships which can take a company of Orkneys."

helicopter and then taking off to do everything in the shortest possible time—at night, and in

the foulest weather. We are particularly pleased

more quietly than one might and landing again on the flight expect. This is a strange decks. The object of the exercontrast with the jingoistic cise is to acquire the ability bluster of the headlines of the Fleet Street tabloids being brought aboard from time to

Conversation on the exercise with the way this part of the decks dwell on more practical working up has gone," said a mstters: how to "take out" an staff officer at brigade head-quarters. "It is not easy heause position, and the right quick-dry

ivilian vessels," such as Canberra and the Many of the marines and freighter The Elk are now fully

to the Treasury that can only begin to be guessed at. Figures £100,000 a day for the Canberra alone are being suggested. Despite the natural com-mercial coyness of P&O officers

aboard, this cannot be far from the mark. The Government pay-ment will have to take into scount loss of advertising by removing the Canberra from the cruise season for so long. The length and cost of the requisition of the civilian ships,

now some 35 in number, may turn out to be one of the most important political as well as

Ostages. The Argentine air force has the conflict with Argentina, the smaller LCVP (landing craft assault equipment, besides the paratroopers seem impatient at established units of the Assault tactical factors in the whole thick tack force and by losing the conflict. The prospects are British Falklands operation. Japan adopts cautious 'sanctions' Sixty ships in U.S. manoeuvres

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN took two cautious steps towards the adoption of an Argentine sauctions policy over the weekend although officials refused to admit that the word "sanctions" was appropriate for what had been done.

The first of the steps consists of a warning to Japanese private industry not to take "undue advantage" of moves by the European Community and other countries to ban imports from Argentina.

The second move was an announcement that Japan does not expect" any applications from Argentina for official export credits "during

the present tense situation." Japan has not explicitly refused to issue any new credits but it can be assumed that official credit lines have been subjected to a de facto

freeze while the crisis lasts and that Argentina has been made well aware of this. Japan's imports from Argentina were worth \$281m in 1981 and consisted of manufactured goods, cattle feed and horse meat. The level of imports was almost unchanged from 1980.

No information is available on the current level of official credit commitments to Argentina but Japanese companies

have been discussing a number of major projects which might require large-scale sup-port from the State-owned Export Import Bank.

The Bank will presumably not be able to go ahead with loans for these projects until after the Falklands issue has been resolved. Japan's position on the crisis itself is that it regrets the escalation of military activity and still believes in the possibility of a diplomatic

solution.
The Foreign Ministry
"understands" Britain's
claim to be acting in selfdefence but does not necessarily agree with it.

DEFENCE Department officials said the said yesterday that U.S. military exercises now going on in the Caribbean would serve to back. Fehruary that America would up President Reagan's statement do "whatever is prudent and ever was necessary to protect reports from Washington.

The exercises, which go on until May 16, involve 45,000 servicemen, 350 aircraft and 60 ships. The armada includes two aircraft carrier battle groups, "Wo want to send a signal to those people who are friends and those who would oppose us in this part of the world that we can project military force."

Rear Admiral Rohert McKenzie sald, who is commanding the call who is call who is commanding the call who is call

that the U.S. is ready to do what necessary to keep U.S. ever was necessary to protect interests in the Caribbean safe. U.S. interests in the area, AP None the less, they see the exercises as a way of getting Mr Resgan's message across.

Admiral McKenzie and other U.S. officials noted that the Soviet Union was helping Cuba to hulld its navy from a defensive to an offensive force, par-tlcularly with light, fast patrol boats and upgraded MiG fighters!

But defence officials said the shipped through the Caribbean The exercises include amphi-

hious assaults and naval gunnery at the navy's Puerto Rican base, Roosevelt Roads. Another is a marine demonstra-tion that family members and other dependents can be quickly removed from the U.S. base at Guantanamo, on the eastern end of Cuba.

The manoeuvres, held each year for several years, come against a backdrop of increasing interest by the Reagan Admini-stration in the area.

Washington claims Cuba is supplying arms to guerrilla nevements in Central America, particularly El Salvador.

Deadly electronic chess games played in South Atlantic skies BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE AERIAL battles that have were so characteristic of the taken place over the South Atlantic-and which are likely to recur in the next few dsys
-bear no relation to the "dogfights" that characterised the great aerial hattles of the second World War, although they are often called hy the

same name. Rather they are deadly games three-dimensional aerial chess, in which each side is armed with high-explosive guided missiles despatched hy pilots sitting in airborne electronics "factories" flying at supersonic or nesr-supersonic speeds.

In the Second World War dog-fights, although pilots were directed by ground radar con-trollers to the vicinity of the Woodward, commander of the attacking enemy aircraft, it task force, to act sooner rather eventually became a matter of One option Britain appears to him directly with wing-mounted

> range. The pilots of the Spitfires and Hurricanes in the Battle of Britain had to get close enough to aim their guns through gun- is also equipped with ECM- towards the enemy to the point

were so characteristic of the The Sidewinder, of which summer skies over Southern many thousands have been built England in 1940. Not so today. Although

todsy's Sea Harrier pilots may sometimes physically see their foes, more often than not they only see them on their radar screens. The targets are picked up by the Ferranti nose-mounted Blue Fox radar, often at a range of several miles. The radar not only can track the target, but identify it as an enemy. The radar can then feed the detailed information on the enemy's speed, direction and altitude to the Sea Harrier pilot, who can then track it visually or get the radar to do it for him, while he positions

his aircraft for an attack. The Sea Harrier can thus he hrought close enough to the target to enable the pilot to fire his Sidewinder missiles while remaining sufficiently far away to be reasonably secure from the

enemy's return fire. The Sea Harrier bas s weapons-aiming computer, and

in various versions over recent years, is a highly manoeuvrable air-to-air missile with its own in-built radar and infra-red guidance system. This enables it to close in on the enemy eircraft, either by homing on to radiation from the enemy's own radio signals, or on to the heat of his engine ehhaust. Once the iSdewinder has locked itself on to the enemy, it is virtually impossible for the latter to escape, and the "kill rate" of the Sidewinder is extremely high.

The entire battle can be ahlps below—Hermes and In-vincible. With high-powered radars installed on both ships, the commanders have a complete picture of what is happening over several hundred square miles of sea and sky, no matter what the weather.

The commanders can thus see the enemy, probably long hefore the kill. the Sea Harrier pilots can pick them up on their own radars, and can direct their aircraft with each side seeking to gain the advantage of surprise and



Lt-Comdr Nigel "Sharkey" Ward, 38, the commanding officer of 801 Sea Harrier, Fleet Air Arm, on the carrier Invincible. His pllots in their electronic "factories" may only see their foes on radar screens.

Sea Harrier pilot not only can operational squadrons. own radar and navigation equipment to belp him close in for

they are flying ship-borne vertical take-off and landing aircraft, they are fighter pilots nevertheless and have been through a long and arduous process of selection and train-

draw upon information from the They undergo basic flying ships below but also has all his training, probably in the trainer, then move on to the Jet Provost or Hawk jet trainers, through to an Opera-tional Conversion Unit where Another major factor in the modern electronic warfare is the very high skill demanded of the pilot is retrained on the type of combat aircraft he will eventually fly.

only the best candidates in the beginning, the training pro-cedure is long and tough and

to evade counter-measures. The ing before reaching their only the top quality plots get through to the operational training, probably in the costly, amounting to bundreds Buildog propeller-driven basic of thousands of pounds for each

Also, once operational, each pilot is kept up to a peak of flying skill. Although he may sit in an airborne electronics office, every pilot knows that the equipment he commands is Despite the great care taken designed to kill and that ever hy the RAF and Navy to pick in electronic warfare second designed to kill and that even chances very rarely occur. Each attack has to be deadly accurate

Germany-would be much

banoler if Argentina signed the

NPT, or ratified the Treaty of

Tiatelolco, which prohibits

nuclear weapons in Latin

America. Of five signatories -

Argentina, Brazii, Chile, Colombia and Cuba—operating or building nuclear facilities,

only Colombia so far bas con-

cluded a safeguards agreement

based on the Treaty of

British officials say that, in

negotiations over Atucha II

with West Germany, tha Bonn

Government demanded and got

from Argentina a bilateral

safeguard agreement signifi-

cantly tougher in terms than

the minimum conditions agreed

by the London Suppliers' Group, which had sought to

tighten international restric-

Tlatelolco.

is believed to have held up De Cuellar cancels

SR JAVIER Perez de Cuellar. the UN Secretary-General, has cancelled a trip to Africa heginning on Thursday so that he will be available should his services be sought by Britain and Argentina, Reater reports from the United Nations.

African trip

The Secretary-General and Mr Francis Pym, the British Foreign Secretary, discussed the Falklands situation for more than two hours on Sunday but no settlement formula was - discussed. British officials said the time was not ripe for UN Involvement.

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BBC claim on nuclear connection could damage UK

BY DAYID FISHLOCK, SCIENCE EDITOR

BBC television programme last out justification—that the only month that Argentina was close reason wby Argentina should to building a nuclear weapon wish to reprocess spent nuclear because of help it had received fuel was to extract plutonium from West Germany were for a nuclear weapon easily dismissed in knowledgeable circles in Britain, as unsubstantiated and founded on very sketchy evidence," to quote one senior official. But in West Germany th eallegations aroused a reaction strong enough possibly to jeopardise German support for British efforts to recover the Falkland Islands

The BBC programme to

They produced no evidence that Argentina was attempting to make weapon - grade They made assumptions

about the ease with which plutonium might be made into a weapon, They spoke of Argantina's vast uranium deposits." Yet,

the Red Book, international hible of uranium resource summary published by The down among the "also-rans."
Listener, contained serious with reasonably assured re-Sources obtainable at less than than India or Sweden, for

Scarcity of low-cost deposits

ALLEGATIONS MADE in a staff. They concluded — with-BBC television programme last out justification—that the only month that Argentina was close reason wby Argentina should Germany and Belgium—as justification for having plutoninm fuel technology, to make plutonium - enriched fuel for reactors.

Argentina's nuclear gramme so far bas been based on natural uranium, heavy water reactors requiring no enrichment. It has four research reactors or similar experimental assemblies.

Siemens provided its first commercial reactor, Atucha I, of 318 Mw, which came into operation early last year. This reactor is performing well, according to the latest figures. having provided about 95 per cent of its design output for the first quarter of 1982.

Atomic Energy of Canada provided the second commercial reactor, Embalse, a 600-Mw tion. It reported publicly at the Candu reactor, under construc- general conferance of the IAEA

The third commercial reactor.

Atucha II, was ordered in 1980 from Kraftwerk Union, together with plant to supply 250 tonnes of heavywater a year. In addition, an experimental heavywater plant based on Argentinian technology is nearing completion.

All four research facilities, and the three commercial reactors, are or will be operated under international safeguards against nuclear-waapon pro-liferation. They are regularly inspected by the International Atomic Energy Agency for evidence of any diversion of fuel into unanthorised activities.

Contrary to allegations, Argentina bas made no secret of its interest in reprocessing spent nuclear fuel, and its plans for a pilot reprocessing opera-

in Vienna last September that it intends to re-use plutonium aa reactor fuel. It told the conference it had a pilot reprocessing plant still under construction and expected to be ready to make a "dry run"that is, with non-radioactive fuel-before the end of 1981. Tha IAEA has a list of a

dozen worrying nations with advanced nuclear technologies which refused to sign the Non-Proliferation Treaty (NPT). The list divides into two groups: four - India, Israel, Pakistan and South Africa - with facillties from which agency barred. inspectors are . Argentina is one of the other eight, with no facilities known to the agency from which its inspectors are excluded.

There is no question that the 116 signatories of the NPT — tions against nuclear weapon including Britain and West proliferation in the late 1970s.

(علكذا مذالكم

Argentina rejects peace plan and vows to fight on

BY JUMMY BURNS AND ANDREW WHITLEY IN BUENOS AIRE

ARGENTINA yesterday put a brave face on Britain's weekend assault on the Falklands and its air and naval losses, and resist militarily any further

Sr Rudolfo Baltierrez, the Presidential spokesman, confirmed that Argentina has rejected a new peace plan put forward by Peru. Sr Baltierrez said that the plan was "essen land port of Puerto Belgrano tially " similar to the last peace nearly two weeks ago.

hardened as a result of the General Hector Inglesias and torpedoing of the cruiser. Rear Admiral Benito Moya left General Belgrano, confirmed by Buenos Aires yesterday on what

The latest military com- assistance to Argentina in the munique sail that the Belgrano, munique sail that the Belgrano, event of a British attack on the the only U.S. warship to survive Falklands. Japan, had been torpedoed by a scarcity of official statements British submarine south east of and the impact on the local the island of Estados near Tierra media of the new censorship del Fuego and outside the 200 mile exclusion zone imposed by Friday "for reasons of national security."

The communique added that Argentine vesels were beading refrained from publishing any inwards the area to "help the insisted it was determined to of casualties or the state of the cruiser if necessary." No details warship were given. A news blackout also remained in force as to the exact whereabouts of the main bulk of the Argentine ficet, including the aircraft carrier Veinticinco De Mayo which set sall from the main-

proposal presented by Mr. In a surprise tollow-up proposal presented by Mr. In a surprise tollow-up Alexander Haig in Washington Argentina's rejection of the Peruvian proposal President Peruvian proposal President Galtieri has sent two of his closest military aldes to Lima. General Hector Inglesias and Rear Admiral Benito Moya left the military junta for the first was infficially described as a time only at 0.50 local time yes-terday. "special mission." Peru has previously offered military

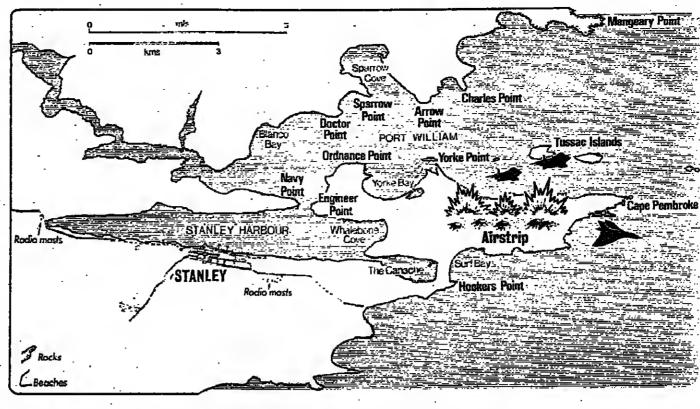
> Yesterday was marked by a imposed by the military on

claimed by the British Government or the naval task force. Under the new press law any editor publishing information on military movements in the South Atlantic other than those nfficially confirmed by the Argentine Government is subject to arrest.

The most detailed account of the latest military clashes came in the newspaper Conviccion, which has close links with the Argentine Navy. In what was claimed as an "exclusive" repeated Government assurances that four Harrier jets were shot down during the attack on the Port Stanley air base nn Saturday.

According to the report the

ing on the Island took place at 06.30 local time on Saturday and Pucara propellor-driven planes. Two British heticopters were



of Argentine troops repelled a developed following another Argentines repelled a third artillery. The claim was that landing attempt by helicopters two British helicopters had been backed by British missile shot down in this incident.

Mirage aircraft and other mili-

tary material, according to

press reports Our Caracas

El Diario de Caracas said that

Falklands dispute.

Argentina spare parts for its French fighters.

in support of Argentina in the said: "In matters of war one

the material was being sent tions while sharply criticising

from the Libertador military the U.S. for its support of

first British attempt at a land-second attack by British heli-attempt at a landing by British Conviccion one British frigate Jose Apolo Gonzalez. Was ing on the Island took place at copters. At 17.30 local time the helicopters hacked by naval was damaged, four Harrier jets reported as saying that a probably had the same fate."

is sending air force has a squadron of the nine-point communique detail- only. British airline with

against Argentina.

trollers'

ing the country's position.

traffic controllers said yester-

day they would boycott com-

mercial British flights in pro-

A spokesman for the Venezuelan Air Traffic Con-

details of how the havcott

would be applied and when it would begin were still being

Association

worked out, flights Ir British Caledonian is the Argentina.

test at Britain's military action

Two British heticopters were frigates. "seriously damaging "shot down and there were an indeterminate number of victims," Conviccion reported. At that at 21.00 hours local time two columns on Saturday a two-hour battle on British vessels belonging to the Argentine that the runway on the British tevet "and had "used all his aircraft carrier Hermes has been afficient. The newspaper also than the runway on the British tevet "and had "used all his aircraft carrier Hermes has been afficient. The newspaper also thanked the runway on the British tevet "and had "used all his aircraft carrier Hermes has been damaged. Amid conflicting that the runway on the British tevet "and had "used all his aircraft carrier Hermes has been damaged. Amid conflicting that the runway on the British tevet "and had "used all his aircraft carrier Hermes has been damaged. Amid conflicting that the runway on the British tevet "and had "used all his aircraft carrier Hermes has been damaged. Amid conflicting that the runway on the British tevet "and had "used all his aircraft carrier Hermes has been damaged. Amid conflicting that the runway on the British tevet "and had "used all his aircraft carrier Hermes has been damaged. Amid conflicting that the runway on the British tevet "and had "used all his aircraft carrier Hermes has been damaged. Amid conflicting that the runway on the British tevet "and had "used all his aircraft carrier Hermes has been damaged. Amid conflicting that the runway on the British that the runway on the

Caracas sends spare parts for Mirages

There was no immediate

official confirmation of the ship-

inents, but President Luis

Herrera Campins, when asked

should never show his hand."

review of inter-American rela-

Dr Herrera also proposed a

the task force. According to Third Air Brigade, Brigadier robably had the same fate." in a Puccara aircraft had The newspaper also claimed attacked the Hermes at "sea

Reuter adds: Venezuelan air and operates a twice-weekly

service to Caracas.

reported as saving that a beroic pilot," Lt Daniel Cucich,

A spokesoran for the airline

said last night's flight from

London arrived without inci-dent and the company had not

so far received any notification that it would be affected by a

Peruvian airport workers last

solidarity with

week hegan a hoycott of British

Venezuela in difficulty over \$10bn foreign debt By Kim Fuad in Caracas

NEGOTIATIONS for a reported S2bn to S2.abn credit to refinance Veoezuela's \$10bn shortterm foreign debt will resume on Friday in New York, following a meeting in Caracas.

Neither spokesman for the Venezuelan Government nor international hanks attending the April 30 Caracas meeting would reveal any details of what transpired.

Dr Cesar Aguado, Director of Public Credit of the Venezuelan Finance Ministry, explained that there was a commitment, proposed by the hanks, to withhold all information until next Friday's meeting. Tha meeting is to be beld at the offices of the Morgan Guaranty Trust in New York.

Dr Aeuado earlier this year aid Venezuela would seek this year. Since then, however, Venezuela has seen its oit export income, which financed two-thirds of government spending, decline sharply. Last month the Government ordered a to per cent cut in the \$20bn 1952 budget and other measures to reduce an estimated \$3.1hn budget deficit this year.

Atan Friedman adds: In Caracas, one banker who attended last Friday's meeting said that bankers were now considering the feasibility of lending to Venezuela, in view of the Falklands crisis. Interest regular flights to Venezuela American countries have been rising generally, but it is thought that if the Venezuelan jumho goes ahead the margins will have to be higher than in recent borrowings.

Richard Johns adds: Ecuador has admitted selling oil on the spot market at a discount. Yesterday Sr Cesar Guerra, director-general of the Oil Ministry, said 1.8m barrels were sold last week at an average of

International anxieties increase over Britain's military actions

BY OUR FOREIGN STAFF

of Spain playing a part to end negotiated settlement. and Britain over the Falklands. Before leaving bowever, he insisted that Spain was not formally offering to act as a mediator.

The Spanish Government is increasingly moving to siding openly with the Argentines. A tiovernment statement over the week-end deplored the escalated British action saying that Britain was incurring "a serious. responsibility and committing an historic mistake.

The Prime Minister went even further in coments to the Press, criticising Britain for having negotlated "little and

The Press and state-controlled television are also reflecting strong emotional support for the Argentine position. The Argentine communiques on thefighting are being given prece-dence over British. On television, the British statements about the fighting have been at

an editorial in Le Monda yester-

victory would solve nothing. In Dublin, the Irish Govern-

the Falklands dispute since the

Italy is following the mnunt- Venezuelan The military engagements command banner headlines in every

In a few cases the headline writers have been tempted tn

vesterday

The Red Cross said the of talks with Argentine authorities, during which the Red Cross expressed its concern about the situation of the

Most papers point to the pro-fessionalism of the British

THE SPANISH Foreign escalation of military activity Security Council to carry out all Correspondent reports. This on Sunday whether Venezuela reflects a hardening of attitude would send arms to Argentina. Minister, Sr Jose Pedro Perez- in the South Atlantic, since steps aimed at preventing war Llorca, yesterday left for the Ministers betieve an adequate between Britain and Argentina U.S. to sound out the possibility framework exists to promote a in the South Atlantic.

> In Latin America, the ing tension with a mixture of charged the U.S. with breaking titiliation and apprehension. inter-American solidarity following its support for Britain over base in Maracay, west of Britain, Earlier, the Venezue-Caracas, where the Venezuetan lan Foreign Ministry issued a

Panama also condemned Britain's attacks on the Falk-lands. In Lima Peruvian musicians said they would start a hoycott of British music and would ask the country's disc jockeys to support the han.

The bellicose actions of Brltain damage the fundamental principles of the United Nations," a Panamanian Foreign Ministry communique Panama, one of Argentina's

firmest supporters in the crisis. called at the weekend for an immediate ceasefire and further diplomatic efforts to find a solution.

The Soviet Union accused tritain yesterday of "the rossest disregard" for inter-Britain national law in the Falklands crisis and denounced "U.S. backed British aggression" against Argentina. Tass news agency analyst, Mr.

Yuri Kornilov, whose commen-taries are thought to reflect high-level Kremlin thlnking sald London was "stubbornly disregarding" UN resolutions calling for decolonialising the

By planning to forcibly retake the islands from Argentina. Mr Kornilov wrote: London was violating international law and the UN Charter under which members " refrain in their international affairs from the threat or use of force.

He said there was "every reason to speak, apparently, ahout a U.S.-backed British aggression against Argentina' because Washington had "openly stated ils support for

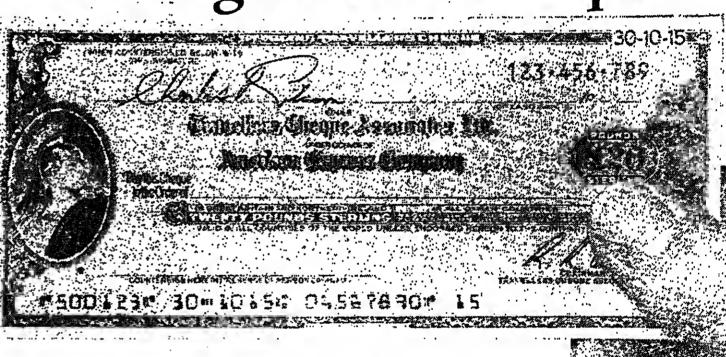
The state-run Soviet press has

had resorted to force.

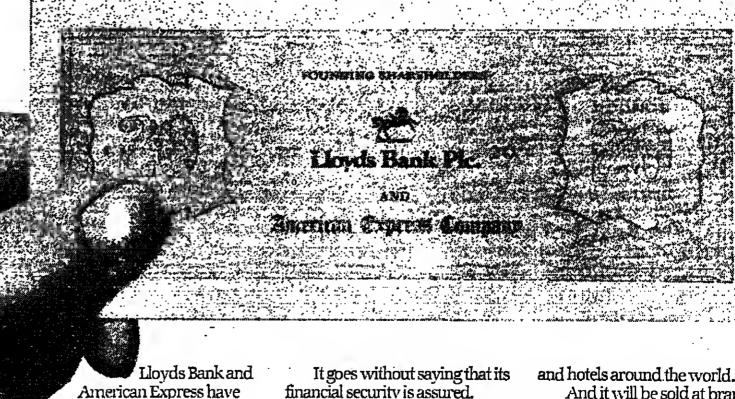
In a weekend statement, however, the Irish Cabinet said it was seriously concerned at the said it was seriously concerned at the said it was seriously concerned at the said it works. also catted on the UN responsible for the world's latest crisis, and that they were seeking to create "ever new seaks of tension" by "gunboat diplomacy."

Sterling Travellers Cheque

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This is who's behind it



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times completely ignored.

any formal government response to the Intensified British military action, officials yesterday reiterated the French belief in "moderation" and a "negotiated settlement." But there is little doubt that the Government is apprebensive about the British use of force This concern was spelt out in

day, which was critical of the British action as unleasbing "a formidable anti-European wave in most Latin American the conflict as a gift to the " it it, and added that a British

ment is becoming increasingly embarrassed by the worsening situation and may have difficulty in supporting the renewal of EEC sanctions against Argentina if the issue arises on May 17.
The Fianna Fail Government
has been in some difficulty about

beginning. The paratlels with Northern Ireland, while not exact, are a little too close for comfort. However, Dubtin was able to support UN resolution 502, and the EEC trade han.

Three delegates of the Inter-

national Committee of the Red Cross left Buenos Aires for southern Argentina from where they will fly to the Falkland Islands "if the situation permits," the Swiss-based agency said, AP reports from

mission resulted from a series civilians living on the islands as well as in the south Argentine cities.

play up the claims of the Buenos Aires regime—according to the Milan-based Corriere Della Sera.

Il Glornale, the right-wing Milan dally, stresses that if and when the real cruch comes. Britain as a Western democracy

forces, which, in the view of La correspondent in London, could prove the trump card. Full-scale landings on the Falklands were likely shortly,

Most papers also carry the Nelson-like remarks attributed to Sr Benjamin Menendez, Govenor of the islands, when

Governor of the islands, when confronted by a purported surrender demand from the British task force.

"Dnn't be absurd, we're winning. Brine the tittle Prince (Andrew) along and come and get us." he said.

"Exploration of the islands, when believed to be inc most authoritative stalement yet from Moscow on the British-Argentine conflict.

He said "excessive imperial and hegemonistic ambitions" of Western teaders were responsible for the world's least griefs and their warrenders.

the junta had claimed 13 British aircraft, shot down and the Hermes out of action. Leader comment is scant but

with an internationalisation of the conflict, then Italy and the EEC will have to side with doing battle with a "Fascist-like dictatorship."

get us." he said.

supported Argentina's claim since it seized control of the Falklands on April 2. But Mr Kornilov's commentary was believed to be the most authori-

latest crisis, and that they were seats of tension" by "gunboat

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Lebanon

sectarian

outbreak

A FRESH outhurst of sectarian

violenece in the Lebanon has

been threatened, whether by

coincidence or design, as a result of the killing of two

Christian Maronite priests and

attacks on religious institutions

Following the murders, mem-

bers of the Maronite sect who

control east Beirut observed a

day-long strike yesterday, the

on brink of

Less growth, more jobless expected in West Germany

BY JONATHAN CARR IN BONN

WEST GERMANY'S leading economic research institutes economic growth and more unemployment this year than they did six months ago. But they also believe the current account will swing clearly into surplus.

In their joint spring report issued yesterday, the institutes say they expect the economy to grow in real terms, after allowing for inflatioo, by just 0.5 per cent, after contracting last year by 0.3 per cent.

This figure is not only below the institutes' own projection for 1982, made last autumn, of 1 per ceot real growth, but is markedly below the currect expectations of the Government (1 to 1.5 per cent) and leading

In line with their lower growth forecast, the institutes estimate that the number of johless in Germany will average 1.8m this year or 7.5 per cent of the labour force, compared with an unemployment rate of 5.4 per ceot in 1981. Last autumn the institutes said they expected an average of something over 1.6m unemployed in

Despite differences over the exact growth figure, most policy has not done economic experts feel that the speed up the process.

In their report, the institutes stress that the conditions for an upswiog have improved through the gradual fall in domestic interest rates and oil On the inflation front, the prices, the cut in the current institutes expect the increase in account deficit thanks especially to surging exports, and through moderate wage settlements, with an a But they also underline that last year.

BY DIANA SMITH IN LISBON

CGTP-Inter has called a general

police and civilians injured.

supporters tried to storm a poorly attended festival organ-

ised by the non-Communist labour confederation UGT, maintaining that the Oporto

Trouble began when CGTP out.

Portugal's

Strike called in Portugal

strike to protest against police by a flying stone apparently action in Oporto on the eve panicked and fired a shot at

of May Day in which two yooths the ground, but the bullet

Communist-led authorities had granted the

confederation venue illegally. A policeman alled a general knocked from his motor-cycle

GROUP

LIMITED

After that, pandemonium broke

WEST GERMAN ECONOMIC DEVELOPMENT (Percentage change) terms) Fixe asset investment Net wages and salaries 4.1 1.5 2

Number of

employees

(DMbn) -17.1 5 A 1981 performance.

B 1982 performance (estimate). C First half 1982 (estimate).

second oil crisis. They suggest

wing stance of the paper. which has a circulation of 550,000, but to give it a more critical tone towards the

present Socialist administra-

A reserved; tolerant and rather quiet figure. M Laurens is not enormously well known among Le Monde's staff ln spite of having been with the paper for nearly 20 years. One of his main tasks, in

fact, will be to dampen down the ideological conflicts that have beset the paper in recent years and which came to a head over the battle for the editorship.

M Laurens is said to have told his colleagues that if they wanted a leader in the military sense-Le Monde's only two other editors to date have been men of determined views and leadership-he was not the right choice. He offered himself as a colleague and somebody who would establish confidence through collaboration.

Le Monde journalists choose new editor

In this sense the journalists have also opted for a complete contrast to M Claude Julien, 56, a former foreign editor and active protagonist for third world causes, who had been their first choice as editor. M Julien was named in June 1980 as editor designate after

an often bitter election process. But earlier this year, following a controversy on the leaking of confidential news about the paper's the journalists decided that they did not want him after all.

M Laurens was nominated by a committee of "seven wise men" in a hid to resolve the conflict that has been damaging morale at the

His choice has still to be ratified by the founders of the paper and by its admini-strative and white collar stafunder a unique election

system. But the result is now regarded as a foregone con-

M Laurens is said by friends to be a man who is not deeply committed politically but who, once he has taken a stand, sticks by it. Some doubts are voiced, however, over whether he will be able to inject dynamism into the paper so as to win back the readers it has been losing to competitors.

In 1972 he published in collaboration with M Thlerry Pfister, now the Prime Minister's Press secretary a book on "The New Communists."

first show of such solidarity since the ontbreak of the civil war in 1975-76. Reminding inhabitants of the possible wider regional implications of an outbreak of violeoce between the main Christian and Moslem sects, the Maronites and the Sunnis, two

during the past week.

Israeli aircraft buzzed the capital at midday. On Sunday a raider hrandish-ing a gun and hand-grenadc entered the Maronite Christian church of Mar Mikhael in the northern, predominantly Sunni Moslem city of Tripoli and killed

himself, a woman and a girl when he dropped his bomb during a service.

He had earlier demanded the help of the priest to obtain the release of his brother, allegedly kidnapped by the militia of the

Phalangist Party, the dominant Maronite faction. The incident, which drew condemnation from hoth Moslem and Christian political and clerical quarters came a Martonite monk, Father Phelipe Ahu Sleiman, at Aley in the

southern mountainous region which is inhabited mostly by Druzes. Clashes in Beirut's southern suburbs between Shiite fighters of the Amal movement and Lebanese Communists erupted again on Sunday.

Iran buoyant after war thrust

IRAN CLAIMED yesterday, the fourth day of its latest and largest offensive in its war with Iran, to have consolidated positions west of the highway between Ahwaz and Khorramshahr, writes our foreign staff.
Claims of the rival com-

muniques issued by Tehran and Baghdad conflicted, as usual, but Ayatoliah Khomelni's regime is clearly in a buoyant mood and appears to have the upper hand psychologically.

On the internal front Tehran Radio announced that Iranian security forces had killed or arrested more than 50 members of the Mujahedin-e-Khalq guerrillas, claiming that more than 10 of its hases had beeo

Airlines agree to flexible fares structure on transatlantic routes

BY ANATOLE KALETSKY IN WASHINGTON

A NEW, more flexible fare based on a "reference fare" for structure for transatiantic air routes was approved on Suoday by the U.S. and 10 European nations. The agreement allows airlines unprecedented freedom in setting fares without prior approval from Government aviation authorities and enables them to co-ordinate farea volun-tarily through the Interna-

tional Air Transport Association (LATA). However, the immediate effect of the agreement on overall fare levels is said to be uncertaio by participants in the regotiations and spokesmen for

The oew fare system will be

each transatlantic route and will reflect the current average fare level. Airlines will be free to set coach fares within a range of 20 per cent above or below the reference point. Business class fares will be variable from the reference and discount fares will be allowed to drop 50 per cent below the reference level. Prior approval from aviation authorities will be required ooly for fares outside these

The new system, which has been initialled though not yet formally signed by representa-tives of the 11 countries

on July 1. The countries which bave given their approval are the U.S., Belgium, West Germany, Greece, Ireland, Italy, the Netherlands, Spain, the UK and Yugoslavia. Portugal is expected to initial the agreement in the pear future. ment in the near future.

A spokesman for the U.S. Civil Aeronautics Board said that the new system will probably lead to sharper variations in fares between seasons and give airlines a better chance of filling their aircraft and lower-ing overheads. Airline officials expect that fare structures will now rise more frequently, but

OECD predicts Belgian recovery

BY GILES MERRITT IN BRUSSELS

THE TOUGH economic austerity measures imposed by Belgium's Centre-Right coalition Govero-ment are to receive a major ment has pushed through a political boost with the publicaion of encouraging OECD projections for the Belgian The forecast by the Paris-

hased Organisation for Econo-

mic Co-operation and Development include a pick-up in Belgium's economic growth rate and in Industrial production, ao improvement in the Belgium-Luxembourg balance of pay-ments gap, and the stabilisation of unemployment.

The indications of an upturn this year and further marked advances for 1983 are expected to come as a welcome relief for the Social Christian-Federal

coalitioo led by Mr Wilfried Martens. Since taking office less programme of public spending cuts and wage restraiot that has sparked growing political resentment, particularly in the French-speaking region of Wallooia where the Parti Socialiste. which has been excluded from the new Government, is domi-

nant. According to well informed Brussels sources, the OECD figures due to be released in Paris later this week show Belgium's GDP this year recovering from its 0.9 per cent drop during 1981 and increasing by 0.7 per cent, with a further 2 per cent rise in 1983. Although the OECD figures

see a slight surge in inflation, with the 1981 rise of 7.7 per cent in the consumer price index going to 9.7 per cent this year and 10 per cent in 1983, the Belgian government is certain to see that as a small price for the slackening in the politically damaging jobless rate.

Last year's 10.4 per cent unemployment rate will rise to

11.8 per cent this year With Belgium'a vital export industries expected to mark a 5 per cent increase in sales this

year, and 7.5 per cent in 1983, with imports advancing only 0.7 per cent and 5 per cent respectively, the OECD analysis forecast the payments gap narrowing from 5.3 per cent of GDP last year to 4.6 per cent in 1982 and 3.4 per cent in 1983.

Law of Sea warning to dissenters

LEGAL BATTLES may lie ahead if Western mining com-panies try to exploit the mineral resources of the sea bed outside the provision of the new international convention on the law of the sea, which was approved by a United Nations conference on Friday.

Support for the treaty, eight years in the making, came mainly from Third World States, The U.S. was among four countries that voted against, and Britain, West Germany and the Soviet Union were among 17 abstentions. There were 130 votes in favour of the convention, which is to be opened for signature at a ceremony in Caracas in December. The treaty will come into force when 60 countries

The president of the con-ference, Mr T. T. B. Kob of Singapore, made clear that dissenting from the treaty or abstaining and then acting as if it did not exist would spell trouble for countries that decided to follow that course. He told correspondents that any attempt by such countries to make their own mini-treaty to permit seahed mining would be met by a stern legal challenge. "I will take it upon myself to persuade the General Assembly to ask the International Court of Justice for an advisory opinion oo whether such activities under nnstateral national legislation are lawful." Mr Koh said

Mr James Malone, the chief J.S. negotiator, told a Press conerence that Washington was still examining the possibility of

proposing a miol-treaty.

Mr Malone said the U.S. had
not decided whether to sign and

ratify the UN convention, destroyed and important docu-despite its negative vote. destroyed and important docu-

BASE LEN	DING RATES
A.B.N. Bank 13 % Allied Irish Bank 13 % American Express Bk. 13 % American Express Bk. 13 % Henry Anshacher 13 % Henry Anshacher 13 % Arbuthnot Latham 13 % Banco de Blibao 13 % Banco de Blibao 13 % Bank Hapoalim BM 13 % Bank Hapoalim BM 13 % Bank Jenmi (UK) plc 13 % Bank of Cyprus 13 % Bank of Cyprus 13 % Bank of N.S.W. 13 % Banque du Rhone et de 1a Tamise S.A. 13 % Banque du Rhone et de 1a Tamise S.A. 13 % Barclays Bank 13 % Castle Court Trust Ltd. 14 % Cayzer Ltd. 14 % Cayzer Ltd. 13 % Castle Court Trust Ltd. 13 % Castle Court Trust Ltd. 13 % Catharterhouse Japhet. 13 % Charterhouse Japhet. 13 % Charterhouse Japhet. 13 % Charterhouse Japhet. 13 % Charterhouse Japhet. 13 % Consolidated Credits. 13 %	Grindlays Bank
•	

The Board of Directors met in Limoges on 14 April 1982, to draw up the financial statements for the previous fiancial year.

Consolidated figures (in Frs. million)	1980	1981	%
Net sales	2,128.0	2,456.0	+15.4%
Posi-tax earnings (Legrand's share)	137.1	133.8	- 24%
Cash-flow (funds provided from operations)	265.9	283.1	÷ 6.5%
If changes in the Group's st thus 11.5%, while not earning	rueture are c gs would dro	liminated, sale: p 4.4%.	

Revenues from abroad as a proportion of sales increased from

27.6% to 29.3%... Consolidated industrial investment totalled Frs. 255 million, representing 10.4% of sales; this figure represents a 37% increase on

The Board has decided to propose to the Annual General Meeting. which is to be convened at Limoges on Monday, 21 June 1982, to supplement the Frs. 22 interim dividend declared in January with an additional Frs. 22 dividend; this will bring the total dividend to Frs. 40.4 million (+29.4%) or Frs. 44 per share.

Legrand s.a.'s sales in the first quarter of 1982 totalled Frs. 417 million. Disruption of deliveries in the first quarter of 1981 makes comparisons misleading, but the figure for the first three months of this year may be regarded as satisfactory.

De Mita leads in party race By Rupert Cornwell in Rome

CLEAR FAVOURITE to become

secretary of Italy's dominant

Democrat congress in Rome, as

BY DAVID HOUSEGO IN PARIS

AFTER THREE years of

indecisive wrangling the french daily Le Moude appears to have found itself a new editor. M Andre Laurens, 48, and currently deputy head of the paper's political staff, won 71 per cent of the votes of his 200 follows increasing the staff.

fellow journalists on Sunday

in a bailot to choose a suc-

cessor to the existing editor,

M Jacques Fauvet.
M Laurens is expected to

maintain the radical left

D Second half 1982 (estimate). Christian Democrats, is Sig Source: West German Economic Institutes Ciriaco De Mita, who has won the hacking of an alliance of factions from the Left and it is taking longer than antici-Centre of the party. The choice facing the 1,351 delegates to the 15th Christian pated for business confidence to recover from the sbocks of the

Government economic it completed its second day, was has not done much to reduced to one between Sig De Mita, the current deputy secre-tary, and Sig Arnaldo Forlani, worst of the recession is over one institute, based in Kiel, and that there will be a clear is more trenchant on these upturn in the second half of this points and, in a separate view One institute, based in Kiel. the former Prime Minister, who is hroadly backed by the Right and part of the Centre. appended to the main report, argues that a boost to company Such are the intricacies of profits, investment and indus-

-17.1 5 (not given)

Christian Democrat politics that trial production will take still nothing is certain until the longer to emerge. outcome of the final voting, which is expressed oo Thursday. But the grouping which has so far come out in favour of Sig consumer prices to average only 4.5 per cent this year, compared De Mita is formidable, with an average of 5.9 per cent

It embraces not only the party's powerful left-wing factions, headed by Sig Benigno Zaccagnini, a former secretary, and the ex-Premier, Sig Giulio Andreotti. but also those sections of the Centre led by Sig Amintore Fanfani, the president of the Senate, and Sig Flaminio Piccoli, the outgoing party secretary.

In his opening address the 67-year-old Sig Piccoli declord to stand again for the job, dewere killed, and dozens of ricocheted and killed a youth. claring that a younger man should take in hand the task of renewing the party, and lmproving its waning appeal.

At 54, Sig De Mita is youthful

The disturbance has serious by Italian political standards. implications for the government of Sr Francisco Balsemao, which He comes from the left of the lacks popular support.

INTERIM REPORT AND DIVIDEND ANNOUNCEMENT

INTERIM REPORT

The unaudited net operating income after provision for current taxation and after transfers to internal reserves amounts to R32,8 million which represents an increase of 4% over the same period last year.

The South African economy was in a transitional state during the half year under review. During 1981 the economy still maintained a fairly strong growth pattern. The increase in total spending, however, had exceeded the growth in total domestic production significantly. The import bill rose sharply, while the volume and value of exports declined, reflecting the protracted slowdown in the Northern Hemisphere. Consequently, South Africa's gold and foreign exchange reserves decreased. The combination of declining foreign reserves and tighter monetary policy outweighed the easing in credit demand and led to the sharpest rise on record in South African interest rates.

Economic policy shifted significantly from October onwards towards a more market-related policy. The South African Reserve Bank anolished the link between prime overdraft rate and the Bank rate early in 1982. With continued pressure on liquidity and consequently on interest rates in general, banks soon found themselves operating with ever narrowing interest margins.

We remain convinced that the medium and long-term future of the South African economy is sound. The Nedbank Group with its substantial capital surplus in excess of R125m, is in a strong position to partake in the next growth phase.

For and on behalf of the board Dr. F. J. C. Cronjé, Chairman G. S. Muller, Chief Executive and Deputy Chairman

DIVIDEND ANNOUNCEMENT

An interim dividend in respect of the year ending 30th September, 1982 of 13 cents (1981: 12.5) per share has been declared payable to shareholders registered in the books of the company at the close of business on 7th May, 1982. The transfer books and register of members will be closed on 8th May, 1982 and reopen on 17th May, 1982. Dividend cheques will be posted on or about 3rd June, 1982. Non-resideot shareholders' tax will be deducted where applicable.

Operating income after transfers to internal reserves Less: Taxation	6 months	12 months	6 months	12 months
	to 31,3.82	to 30.9.81	to 31.3.81	to 30.9.80
	000's	000's	000's	000's
	R48 924	R110 593	R48 982	R100 179
	16 030	33 681	16 694	30 917
Taxed banking and other income after transfers to internal reserves Less: Outside shareholders' share of income of subsidiaries Income attributable to shareholders of Nedbank Group Limited	R32 894	R76 912	R32 288	R69 262
	84	528	753	1 907
	R32 810	R76 384	R31 535	R67 355
Surplus on disposal of long-term investments	R115	R21 878	R6 062	R7 360

3. In calculating the earnings and divideods per share, no account has been taken of 1 869 672 partly paid shares of R1 each, issued to terms of the executive share trust scheme. SALIENT FINANCIAL INFORMATION

The figures for the interim report are unaudited.

	6 months	6 months	12 months	12 months
	to 31.3.82	to 31.3.81	to 30.9.81	to 30.9.80
· · · · · · · · · · · · · · · · · · ·	000's	000's	006's	000's
Issued and fully paid sbares of R1 each	88 407	88 356	88 361	. 88 203
Group shareholders' funds	R362 390	R295 904	R339 345	R266 477
Pre-tax income	R48 924	R48 982	R110 593	R100 179
Taxed income available to Nedbank Group shareholders	R32 810	R31 535	R76 384	R67 355
Earnings per share	37,1	35,7c	86,4c	76.40
Dividend pershare	13c	12,5e	43,0c	38.00
Total assets	R6 957 332	R4 824 227	R5 495 409	R4 608 948
Credit facilities to the public	R3 168 565	R1 978 799	R2 513 687	R1 648 125
Deposits from public and other accounts	R5 165 054	R3 367 766	R4 030 929	R3 238 591
Ratio of deposits etc. to shareholders' funds	14,2:1	11,0:1	11,8:1	11,7:1

هكذا مذلاه

The above is an abbreviation of the income statement of the Group.

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EEC approval sought to cut plastics capacities

BY KEVIN DONE IN FRANKFURT

HOECHST of West Germany. one of Western Europe's leading plastics producers, ia seeking approval from the European Commission for preliminary industry moves to cut plastics capacities and stem rising losses.

European commodity plastles year estimated by Hoechst at around DM 3bn (£698m).

The West German group is keen to get the backing of the Brussels cartel authorities to allow the exchange of accurate information between companies on existing production capa-

Such a system could work in a similar way to the information exchange agreed by man-made fibres producers in the second half of the 1970s. Figures pre-sently available from manu-facturers lacked credibility, claimed Professor Rolf Sammet, Hoechst chief executive.

Hoechst itself ran up pre-tax losses of DM 220m on its plaatics operations last year, Prof Sammet said yesterday. The group is to cut its high density polyethylene (HDPE) capacity at Höchst, near Frankfurt, by 80,000 tonnes, reducing its West German HDPE capacity to 470,000 tonnes.

In addition it is negotiating with the trade unions at its Breda chemicals complex in Holland the closure of 30,000 tonnes of its 180,000 tonnes Dutch polystyrene capacity.

The Hoechst chief executive said that the consumption of plastics had slumped by nearly 10 per cent in Western Europe last year. Demand for low density polyethylene and PVC (polyvinyl chloride) were worst hit with falls of more than 10 producers ran up a deficit last per cent, while volume sales of polystyrene and high density polyetbylene fell by about 5 per

> Hoechst plants have been operating close to the minimum technical levels of only 60 per cent of capacity. Prices had plummetted, said Prof Sammet, partly as a result of oil companies with integrated plastics production running plants "in any way possible" to help their beleagured upstream refinery operations.

Since the autumn market prices for PVC and LDPE had fallen in some cases below the level of even covering the variable costs of operations.

By announcing plant closures,
Hoechst is following the lead

set by BASF, the second largest West German chemicals group and West Europe'a biggest plastics producer.

Since the first oil crisis in 1973/74 BASF has already cut some 100,000 tonnes of its 1m tonnes polyethylene capacity, and a further 100,000 tonnes is to be closed as part of the group's restructuring. It ran up losses of DM 100m on its commodity plastics operations in the

No headway on flags of convenience

By Brij Khindaria in Geneva

NEGOTIATIONS to pave the way to phasing out flags of convenience in merchant sbipping have ended without agreement on several disputes between developing and developed countries. The negotiations took place under the auspices of the UN Conference on Trade and Development (Unctad).

New talks at inter-govern-mental working group level will take place in November. It is still unclear whether they will be aimed at ending flags of convenience or at reforming international rules to make ships flying such flags safer and

subject to tighter controls.

Agreement in principle reached on some points under dispute last week indicates that the current trend is towards reform of rules rather than elimination of such flags. A major conference will probably be called next year to make the final decisions.

Agreement in principle also was reached on measures to protect the interests of developing countries supplying cheap labour for such ships, and agreement was near on measures to identify owners of such ships and to prosecute or otherwise punish them for breaches of rules laid down by the countries whose flags they fiv and the countries they enter. Further talks are needed on issues such as manning levels of ships, participating in the equity of ships by pationals of the countries of registration, and the answerability of managers in cases of violation of maritime rules.

Boeing 767s for Canada

WASHINGTON - The U.S. Export-Import Bank bas approved a \$83.2m loan to Pacific Western Airlines, of Canada, for the purchase of four Boeing 767-200 jettiners.

The U.S. export credit agency said the aircraft and related equipment will cost about \$201.8m:

The Eximbank sald the interest rates on its direct loan will range from 9.25 to 12 per cent a year, depending on when the loan funds are actually

disbursed. In addition to the Eximbank credit, the Canadian airline will borrow \$88.3m from private sources without Eximbank loan guarantees and will pay the remainder in cash. Agencies

Brazil textile aid sought

SAO PAULO—The Brazilian textile industry is demanding Government export subsidies it bopes will avoid retaliation from European and U.S. trading partners.

The European Economic Com-munity (EEC) is Brazil's largest market and takes close to 25 per cent of Brazil's textile exports. The U.S. buys 10 per cent.

Sr Luiz A. Madeiros, Textile Industry Council President aaid textile exports should reach \$1bn this year, up from \$864.9m in 1981.

SHIPPING REPORT

Market upturn reversed

BY ANDREW FISHER

THE MODEST upturn in the beleaguered tanker market was able in May, which could indinot maintained last week, cate that owners are not comespecially in the Gulf.

Far fewer fixtures were concluded there, said E. A. Gibson, ductions. shipbrokers. This was especially For sm true of Iran, amid expectations of further bostilities around

Kharg Island. The level for VLCCs (very large crude carriers) to the east tions. stood at worldscale 19.75 and opport to the west for loading from Kharg Island at worldscale 25 and from other Gulf ports at worldscale 18.5.

Gibson said only one oil company was seeking tonnage from this area at present. There are reckoned to be enough ships available for it to cover its needs at around these world-

on H Ach

es for the

About 25 large tankers are remain static. But there sitting in the Gulf. Gibson said been more activity in it had beard of only another Mediterranean.

mitting further tonnage unfixed so as to avoid more rates re-

For smaller tankers between 30,000 and 150,000 tonnes in the Gulf, the picture has been better, with demand for both eastern and western destina-tions. Owners have found opportunities in Far Eastern markets, with several fixtures from China to Europe and to

the U.S. west coast. But in West Africa there has been no sign of any material turn-round. Cargoes have been few and far between. Though Gibson said several fixtures bad been concluded, rates of world-scale 37.5 to UK/Continent and worldscale 35 to the U.S. remain static. But there has

World Economic Indicators

	IND	JSTRIAL	PRODU	ICTION	% change over previous	Index base
U.S. UK W. Germany France Netherlands Italy Japan	141.2 Feb. '82 103.7 116.5 112.4 107.1	104.6 118.1 113.1 105.5 122.7 Dec. '81 149.8	Dec. '81 103.5 113.1 115.6 106.2 123.7 Nov. '81 150.9	152.1 Feb. '81 101.4 120.3 115.1 113.7 126.2 jan. '81 144.7	+2.3 -3.2 -2.3 -5.8 -0.2 +3.5	year 1976=100 1975=100 1975=100 1975=100 1975=100 1975=100
			Source (4	excapt U.S	. and Japan	n): Eurostat

Search for compromise on export credits

BY PAUL CHEESERIGHT AND TERRY DODSWORTH

in the knowledge that, without a greater readiness to compromise on known positions, an ex-

THE BRITISH Council has launched a new effort to sell British expertise in agricul-

tural training and education. The service is a response to the growing demand for the purchase of such training in Suggested by Mr Peter Walker, the Minister of Agriculture, two years ago, the service will seek to pro-

potential exporters, mainly educational Institutions. This will complement existing export Information services from sources like the Depart-The British Council plans also to co-ordinate information about the training services available for selling overseas and offer marketing advice, based on its own traditional experience, to

exporters. The scheme could have a spin-off in encouraging the purchase overseas of British educational equipment. The biggest potential mar-

ket is thought to be Africa.

Effort to

expertise

By Our World Trade Staff

the developing

ment of Trade.

especially in Africa.

vide market information to

export UK

THE MAJOR industrialised nations meet in Paris this week port credits war could break out by the middle of the month.

The terms of the present

arrangement on guidelines for officially supported export credits, known as the Consensus, expires on May 15. They came into force last November. putting export credit interest

the elimination of export credit able to borrow for up to 10 subsidies, wants an increase. years. The EEC wants to maintain the 9.25 per cent.

the borrowing countries. They rich, there would be borrowers are split into three categories whose national necessarily rich naving the manufacture of the relatively rich naving the r

The effects of past changes in the export credits Consensus bave always been substantially modified by using the device of "prior commitments" to continue offering finance at old rates. Since last November very few credits have been offered at the rates agreed then.

rates in the 10.0 to 11.25 per highest interest rates and cent band, except for yen financ-limited to credits of 8½ years. ing which was held at 9.25 per The intermediate countries have slightly lower rates, also with a maximum maturity of settling new rates is slight. The 81 years. The relatively poor U.S., renewing its search for are on the lowest rates but are

There is general agreement status quo, feeling that last on the principle of reclassifica-November's increase of 2.25-2.5 tion and a developing move percentage points was quite towards the adoption of EEC adequate for the immediate criteria. At the bottom level, future. Japan, where domestic this woold use international interest rates have declined, yardsticks of poverty, laid down wants to offer its official export by the World Bank and the wants to offer its official export by the World Bank and the financing at a lower rate than International Development Association, to settle which countries Most experts believe that would be in the third category, the best bope for raising There would be about 70, interest rates lies not in nego-including the least developed tiations about the band itself, countries.

Experts think that any changes at this week's meetiog will need to be accompanied by an nndertaking that "prior commitments" should not last longer than six months. Also, the U.S. will be urged not to extend maturities and the EEC not to lower interest rates

beneath agreed levels.

The effect of the suggested (per capita income \$4,040),

like Algeria, Brazil, Cbile, South Korea, Malaysia, Mexico, Nigeria and Taiwan precisely the countries where the main export credit business is being

done-from the relatively poor Singapore would be unaffected.

If such changes could go through the Paris meeting in one fell swoop, increasing the interest rate for the main borrowers from 10 to 10.5-11

changes would be to lift countries like the Soviet Union Czechoslovakia, East Germany, Bahrain, Spain and Israel from one intermediate to the rela-

tively rich category.

They would also lift the newly industrialised countries

to the intermediate category. Countries like Hong Kong and and shortening maturities from a maximum of 10 to 84 years,

But this looks unlikely, given the EEC's mandate, which the U.S. thinks is "intolerable." At French insistence, the EEC wants the reclassification to go through in two stages, thus diminishing the impact of higher interest rates.

The U.S. would probably agree to no increase at all for the relatively poor. Its price would be to charge higher rates for the intermediate countries and Washington would also ideally want the relatively rich to go straight to market rates for export credits.

U.S. pressure for higher rates in the first two of the revamped categories could be the breaking point for the EEC, which can change its position only by unanimous consent. The idea that the relatively rich should go to market rates has been ruled out.

But EEC unity is fragile and it is not clear what would happen if the negotiations reach the point of bitterness where the breakdown of the Consensus was possible.

There are broadly three camps: In the first are the traditional opponente of subsidy-West Germany and the Netherthen this would blunt the U.S. traditional subsidies-France

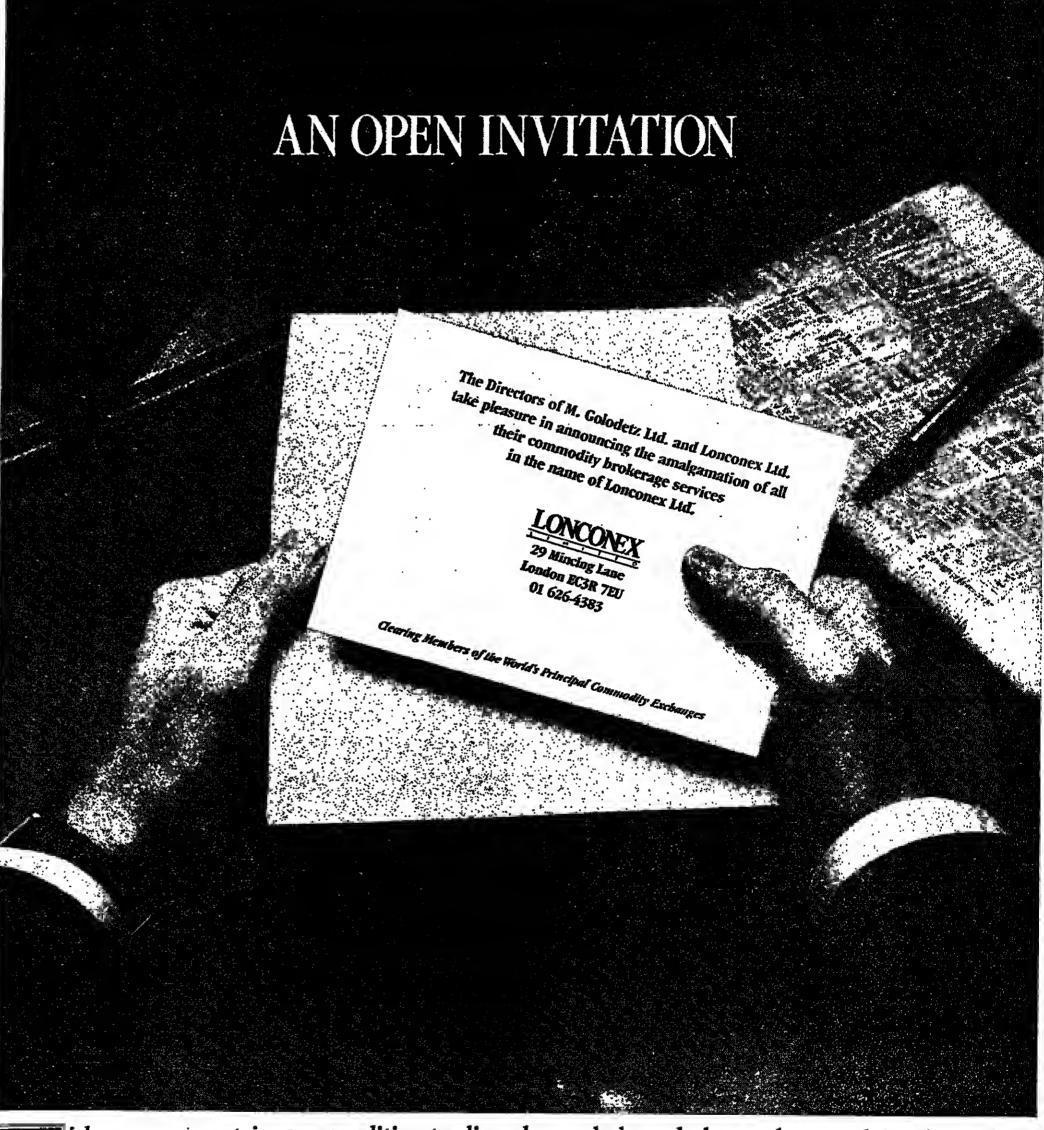
bid for generally higher interest and the UK, Belgium and Italy, The thir camp is Greece, which being a recipient of export credits rather than a provider, wants to be classified as an intermediate country rather than relatively rich. But as its per capita income is \$4,140, the other Nine EEC states cannot agree, because it would eliminate the possibility of changing the Soviet Union's position.

In all of this, Japan quiescent, anxious mainly to reduce the premium on its official lending. When the 9.25 per cent rate was set, the Japanese long-term prime rate was 8.9 per cent. Now it is 8.4 per cent. But neither the EEC nor the U.S. will want to see Japan receive too great a com-

petitive advantage.

With the positions of the major countries in the Consensus so far apart, a breakdown in Paris is a possibility. This could mean that the issue would be pushed up to minis-terial level with a time limit set for agreement.

At the worst, it could mean that all countries will Ignore the disciplines of the Consensus. The U.S. would offer funds at market rates but at maturities as long as the life of the plant. The EEC countries might offer both long maturities and low



isk management in commodities trading demands knowledge and control. In this volatile business Lonconex provides unparalleled order and trading execution. Precision timing, informed judgment and global capability make Lonconex an essential part of your trading and risk management strategy. Fundamentally sound, technically superior. Lonconex. You can't get any closer,

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Stevenson

to head

training

By Our Industrial Corresponden

THE Engineering Industry

Mr Stevenson, a chartered

engineer and fellow of the

Institution of Mechanical Engineers, joined the board

in 1965 and has been head of

corporate planning since

1976. His appointment

follows the early retirement

on health grounds last year of Mr Joe Moon.

Since then Lord Scanlon, the board's chairman, has acted as chief executive. His

own term of appointment-

expires in July, and there is mounting interest in the question of his successor.

Engineering employers, who now meet the operating each of the heart-line.

costs of the board—pre-viously paid by the Govern-ment—are insisting that the next: chairman should be from the employers' side.

MINIMUM wages for young

people with no skill or experi-

ence were a major disincen-

tive to employing them, National Chamber of Trade

members heard yesterday at

their annual conference in

Wages complaint

Board

56, as its new

Mr

board

Training

appointed

Stevenson.

director.

Why Alliance has hopes in bastion of Tory support

Elinor Goodman reports on Thursday's borough council election in the heart of the commuter belt

deep in the heart of the com- 1984 and a "significant group" muter belt, was considered one in opposition this time round. of the more promising seats for

in the past. They came second at le in the 1974 elections and, over ing. the years, painstakingly built up pockets of support.

with their habitual enthusiasm reinforced by their links with the SDP, were convinced that Woking was potentially win-nable for the Alliance if the two parties really worked at it for the next few years.

This week-s local elections form the first part of this cam-paign. The Liberals have been avering away in local politics for years, but for their new SDP partners in the Alliance it he the first test of their fledgeling organisation. The local elections, says one enthusiastic member in the language of the SDP, are "all part of the learning process."

Eleven of the 35 seats on Woking Borough Council are up ting power, it will be very disinroads into the Tory majority rock-solid Tory area, The long, SDP, and has a good working houses and like many earlier

The respectable protest vote the Alliance in an area which in parts of Surrey has long been until now has been an nuassail- Liberal. Under normal circum- commuting distance of Britain's estates which can usually be able bastion of Conservative stances, therefore, the Liberals might, at this stage of a Tory The Liberals, by their own standards, had done well there standards, had done well there ably been expected to pick up at least two extra seats in Wok-

So to prove that the endless meetings and not inconsiderable in the 1979 General Election the Tories increased their majority by more than 18,000, but in spite of this the Liberals with spite of this the Liberals

Failure to do so would underline the scale of problem facing the Alliance in winning Parliamentary seats in Surrey. The only consolation for the SDP would be that the Falkland Islands crisis has distorted the result. Indeed, the Falkland Islands do seem to have elevated the election above the usual local concerns, such as holes in the road and the inadequacies of the refuse collection system, to almost supra-political level.

On the doorstep last week, people were still raising local issues far more frequently than anything else, but some people seemed to he almost clicking their beels and saluting for election, and while there is no chance of the Alliance get. Government in its hour of need.

Government in its hour of need. Woking has all the hallmarks appointed if it does not make of what used to be regarded as a

map of Parliamentary con-stituencies in Surrey Woking. Alliance-controlled council by double garages and amole major towns.

Thirty miles south of London, The Liberals have two seats the borough is made up of on the Borough Council—and way road system.

The population - and the rating base - is expanding fast: the horough contains what is reputed to be the largest private housing development in Britain, and all over the borough there are smaller, new, private

and Tories are fighting out a poster war in the trees, but for the most part interest in the local election seems fairly low. Except for those directly involved, Woking politics, it seems, are not a subject to excite much passion. The Tories have run the council since it was formed and have never been in real danger of losing control.

other Surrey council. The party is a moderate one, which has lost very few members to the

double garages and ample and even in bad years for of the community. gardens full of cherry blossom, Labour it has rarely bad fewer could just as well be in Solihuli than seven seats as its support or Beaconsfield or any one of is concentrated in a few wards, dozens of safe Tory seats within where there are large council relied to vote Labour.

dormitory villages, like Byficet the only non-Tory member reand Pyrford, interspersed with golf courses and patches of cil by Woking. It has succeeded Surrey heathland. At the centre in building up its own possess. is Woking itself, with its of support in Byfleet—largely almost incomprehensible one on the basis of Tory dissatisfaction over education—and has worked hard at hullding up local supoprt in several other wards. Under the terms of the local deal with the SDP, the Liberals have had to move aside in one ward which they had high hopes

of winning this year.

Unlike in neighbouring Guild-In some areas, the Liberals ford, where the negotiations and Tories are fighting out a over seats have strained relations between the two parties almost to breaking point, the Liberals and Social Democrats in Woking have kept to the letter of the Alliance. The Liberals are fighting the seat at a Parliamentary level so it was agreed that the SDP would fight the Liberals five.

They are using a joint slogan But Labour is stronger in —"put new life into local gov-Woking than on almost any erument"—and produced a joint manifesto which deplores cuts in "essential services," supports the sale of council

WHEN THE Liberals and Social of nine. Its objective, which tree-lined roads of large relationship with the Tories on Liberal manifestos, stresses the cularly on the vast Goldsworth Democrats were carving up the the established parties claim to detached post-war houses, the council. At present it has need to make local government private estate which in theory. nine members on the council, more responsive to the wishes

> The two parties are also canvassing for each other, but they have retained their separate identities and, the right, in private, to be skightly superior about each other.

The Liberals regard the SDP as inexperienced—which they are. None of the SDP candidates have stood before and of the 180 SDP members only a minority had any previous practical experience in politics.

Many were determined not to merely imitate the old parties. and at least one SDP candidate admits to being slightly frustrated by the way that every time the SDP suggests a new idea the Liberals claim to have tried it hefore and found it

Similarly, the SDP was disappointed when it discovered "happening" in the town centre during the campaign.

For the most part, the SDP has found that it has to approach local elections in the established way. There is no alternative, it seems, to can-vassing and pushing leaflets through doors. The SDP is not short of enthusiasm, but it has far fewer people working for it than the Conservative party.

The Social Democrats claim to have had a friendly reception

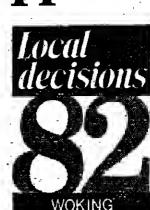
should be prime SDP territory and all the parties are putting the most offort into winning. But, as in the rest of the country, the SDP could have a problem in actually winning seats because its support is evenly spread rather concentrated in particular areas.

There is certainly a protest vote in Woking-particularly as the Liberals have found, at a local level. But the protest seems to be fairly muted. Unemployment, which has trebled since 1979, is a real problem for school-leavers, but it is still relatively low.

ment Secretary, would like all councils to do. Rate increases have been kept to under 10 per cent, staff numbers cut, and council bouses sold. The Tories are campaigning in the local that the election rules pre- election as the party of "good vented it from mounting a housekeepers," and a fair pro"happening" in the town centre portion of the electorate atmost certainly share the Tories' preoccupation with keeping rates

> Even so, economies have produced dissatisfaction. .The cuts in refuse collection are a par-ticular grievance. School closures, though not the borough council's direct responsibility. are a source of concern, so is the state of the roads.

The SDP, which is fighting hoth the Labour seats which are up for election, is also hoping



to pick np support from former Labour voters unhappy with the way the party is going. The Social Democrats claim that in the council estates there is widespread concern about the state of the Labour Party, but The Conservatives have run the local Labour Party, which the council pretty much as Mr is not itself a particular fan of Michael Heseltine, the Environment Secretary, would like all Livingstone, says this is less of an issue than a year ago.

Even so, some Labour workers admit that the SDP could prevent their making gains they might have boped for in marginals wards.

But on Thursday the outcome could depend as much on what happening in the South Atlantic as an any local issue.

One Labour councillor says that until a month or so ago be thought the Alliance might do quite well in Woking. The Falk-land Islands crisis, he says, has changed all that. Unlike neighbouring Elmbridge, where one Tory candidate put out a pamph-let wishing the Task Force "God Speed," all the parties have tried to fight the election on local issues.

growing rapidly" and will

prohably exceed £50m this

He admits that the use of solar

energy is unlikely to save

of the energy hadeet of most

Western countries by the year

more than a few per cent

The conference carried unanimously a motion calling for the minimum age for the full adult wage to he raised to

Short-time work

Gueinsey.

SHORT-TIME work is heing introduced at Hotpoint Electrical Appliances' Peter-borough factory. The 1,000 production workers have been told to stay at home for the rest of thhis week, hecause of the high level of stocks. They have been warned that a fourday week will start in Jnne.

Transport offer

STRATHCLYDE'S TORIES gave their plans in Glasgow yesterday for a better deal for road and rail travellers. Councillor John Mair, the Conservative transport expert, wants short-term car parking increased in inner Glasgow, the same transport grant as exists in England, new has ticketing arrangements, cycle tracks heside existing roads, and more money heing spent

on improving railway stations.

Merger problem

THE INITIATIVE for a merger between the Assoclation of Certified Accountants and the Institute of Cost and Management Accountants (ICMA) has been set back by a poll of ICMA members which showed that 63.2 per

Production cut

A MAJOR cutback in production of colour televislous hy GEC-Hitachi is to be Implemented at the joint Japanese-UK company's European manufacturing plant at Hirwaun, South Wales. Around 130 temporary staff have aiready been laid off. The cut is being achieved mainly by asking the plant's 1,800 workforce to take 70 days' napaid leave over the next 12 months.

BL's record production of Outlook fine for solar Metros poses a problem

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

Have BL's chances of recapture cent of total registrations this be to conserve its cash during ing lost ground in the UK new year or nearly balf the minimarket evaporated along mum 20 per cent penetration it survival is in question; somewith public interest in the little wants to achieve overall.

mind because within the space home market compared with of a week we heard that Metro the 10,283 sold last year. production at Longbridge was to he cut, resulting in an esti- sign of wanting to reduce that mated loss of 500 more jobs, and target or the one for its sales

the suggestion that the Metro parable: the Metro did not go boom is over.

"We are very happy about of last year, the share of the small-car sector Italy, where the share of the small-car sector
Metro has been taking—it is
simply that that sector has France with a 20,000 target are Mr Peter Johnson, UK sales and In that marketing director for Austin duction? Rover. BL's volume car Tbe an subsidiary.

Apparently the failure of the recession to ease up has kept out of the new car market this ment.

18 per cent of total sales, a phenonmeron which has also adversely affected sales of Ford's Fiesta.

factory they lease from the

Mr Nigel Forman, MP for Carshalton and Wallington, has written to the Department of

Transport asking for a delay in the sale of the factory to allow the consortium time to raise

The factory in Beddington,

Surrey, is due to go under the auctioneer's hammer on May 18

and the group fears it may not

be able to renegotiate its leases

director of Kingsdown Instru-ment Company, one of the

threatened companies, said: "If

the buyer decide he wants to use the factory himself instead of leasing it out, then we will

all have to go. We want the

auction postponed to give us

time to raise the money. We

learnt only a fortnight ago that

the factory was up for sale. No-one from the Department of

Transport has had the decency

Mr Forman said "that as

soon as he heard the story he

wrote to Mrs Lynda Chalker,

a junior Minister supporting Mr

"They seem to have had a

raw deal and been given little

notice of the sale. We made a

pledge in the last Conservative

manifesto to help small hust-

ness and here's a case where we

The Department of Transport

says the factory and surround-ing land was hought for high-

way purposes but was now

surplus. A spokesman said there

was no obligation to tell the leaseholders the factory was up

for sale. The position was made clear to tenants when they took

can do so," said Mr Forman.

Palmer.

Mr Jim Palmer, managing

with a new owner.

Ministry of Transport.

HAS THE Metro bubble hurst? relying on it to capture 9 per

This would involve building These questions spring to at least 118,000 Metros for the So far, the company shows no

that the model's share of new on the Continent—65,000 for car sales dropped below 7 per cent in April.

This is not unduly ambitlous But BL recoils in horror at since 1981 and 1982 are not comon sale abroad until the spring

shrunk a little this year," says the major Continental markets. In that case, why cut pro-

BL underestimated just how efficient the Longbridge work-force would be with the benefit many potential private buyers of new, high-technology equip-

When the speed of the So the small-car sector has assembly lines at Longbridge heen reduced from about 21 to was fixed at the beginning of this year, BL assumed output would be on average 94 per cent of the potential.

In the event, the workforce But, although Metro is not achieved a 98 per cent average losing ground against the and stocks began to huild up immediate competition, BL was to unsustainable levels.

markets WORLD markets for solar energy equipment are now beginning to show signs of speedy development, accord-

ing to Mr A. G. Hardacre, manager of the Department

cost of financing those stocks, It was decided, with extreme of Energy's solar heating, research and development reluctance on the part of the programme. Mr Hardacre, writing in Coal and Epergy Quarterly, the journal of the National Coal Longbridge management team which had to consider the impact of the decision on morale at the plant, to reduce Board, says that in the first the targeted Metro output from six months of last year ship-4,270 to 4,150 a week.

If productivity were mainments of solar collector equip-

ment in the U.S. alone were tained, that meant more volunworth about £100m. tary redundancles, although so He estimates that the annual far BL has not officially spelt out in detail just bow many, Back in 1977, Longbridge market for solar collectors in Japan is now worth about £50m. The total UK market produced 158,000 cars with a for solar heating systemsmanufacturing workforce of 19,400. Currently, the rate of - Including collectors - is probably just over £10m- a output is an annual 250,000-255,000 vehicles, but the work-The world market for photoforce is down to 11,000 and dropping. The unions expect the total to he well helow vert solar radiation directly into electricity—has been

10,000 by the end of the year. It could be seen as a classic case of people working them-selves out of a job by hecoming more efficient. BL prefers to say that those who left Long-bridge did so voluntarily and those remaining are keeping themselves in their jobs hy

working efficiently." At the sharp end of the husiness, dealers reported over the weekend that demand

But, Mr Hardacre points out, a tiny percentage can represent considerable sums of for the Metro remained lively

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of **Aktiebolaget SKF** will be held at SKF Kristinedal, Byfogdegatan 2, Göteborg, Sweden, at 3.30 p.m. on Friday 28 May 1982.

2000.

its 75th anniversary will start with luncheon at 12.15 p.m. Shareholders wishing to take part in this pre-meeting arrangement are asked to be at AB SKF reception, Hornsgatan 1, at 12 noon, notifying the Company in advance.

Ordinary general meeting business will be transacted in accordance

Director to increase Company share capital from 1,080 million Swedish kronor to 1,350 million, by a bonus issue of 270 million kronor, whereby shareholders will receive one new share for every four shares

Right to attend

For the right to participate in the meeting, shareholders must notify the Board before noon on Monday 24 May, preferably in writing, of their intention to attend, giving details of name, address, telephone and shareholding. They must also be recorded in the shareholders' register kept by the Securities Register Centre (VPC AB, Box 7444, S-10391 Stockholm) by Tuesday 18 May.

The Board will recommend that shareholders with holdings in the VPC AB records on 2 June be entitled to receive dividends for 1981. If this date is accepted, it is expected that the Securities Register Centre will send out notice of payment to recorded shareholders and depositaries on 9 June.

Proxy forms are available from

Tory MP backs bid to buy state factory A TORY MP is hacking the bid hy a consortium of South-London businessmen to buy the

Prior to the meeting, a tour and presentation of SKF in connection with

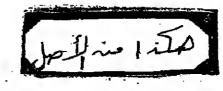
Agenda

with Swedish law and Articles of Association. Also on the Agenda is the proposal by the Board and Managing

of the same kind held. The new shares will carry the right to any dividend as from the financial year 1982.

Payment of dividends

A/B SKF, S-415 50 Göteborg, Sweden, Tel: (31) 372755 & 371988



Rand Mines Próperties

(Incorporated in the Republic of South Africa) A Member of the Barlow Rand Group

INTERIM REPORT TO SHAREHOLDERS FOR THE SIX MONTHS ENDED 31 MARCH 1982

Consolidated Profit

	Six months Ended 31 March 1982 R000	Six months Ended 31 March 1981 R000	Year Ended 30 Sept. 1981 R000
Turnover (Note 1)	28 168	19 764	51 753
Profit before taxation	. 11 886 4 993	6 551 2 604	24 833 4 961
Profit after taxation	6 893	3 947	19 872
in subsidiaries	64	63	140
Consolidated profit after texation	6 829	3 884	19 733
Number of shares upon which earnings per share is based	12 403 337	12 403 337	12 403 337
profit after taxation	55.1 cents	31.3 cents	159.1 cents
Surplus on disposal of investments Surplus on expropriation and sale of land	_	631	639
by Thesen Group Amount written off fixed assets owned by	_	129	390
Thesen Group		_	(250

adversely affected the group's profits for the six months under review as follows:

Normal taxation	409 45
Less: Attributable to outside shareholders	454 5
	449

The effect has been to reduce earnings by 3.6 cents per share. 1. Turnover consists of the following:

The proceeds of Township Sales, Limited, where applicable, to that portion of the sales from which profit has been taken, and rents. Also included are the proceeds derived from the realisation by subsidiaries of disused mining ground. Turnover from mining, timber and other trading operations includes the sales of gold, timber

Following the increase in the effective rate of taxation announced in the March 1982 Budget, an additional deferred taxation liability of R388 000 arises in respect of prior years. This additional charge is all attributable to shareholders of RMP. Statements of generally accepted accounting practice 1.002 and 1.003 require that this amount be charged against current year's earnings. However, your directors are of the opinion that this treatment would not fairly present the results for the six

months to 31 March 1982 and this amount has accordingly been charged against retained surplus at 30 September 1981. PROSPECTS FOR THE YEAR

It is estimated that the consolidated profit after taxation for the year will be of the order of R14 million, equal to earnings of 112.9 cents per share. This estimate is based on:

(1) An average gold price realised of R10 500 per kilogram

(2) Substantially increased proceeds from the sale of Township Land as compared to the 1981 financial year (3) A slight reduction in the profits of the wholly owned subsidiary Thesens. During June 1981 the State acquired land from the company of R13 million for the National Sports Centre, most of which was undeveloped land. No transactions of this

magnitude are anticipated for the current financial year. This is the primary reason for

the variance between the estimated profit of R14 million for the 1982 financial year and the R19.7 million profit for the previous year. CROWN MINES SAND RETREATMENT PLANT

The Crown Mines Sand Retreatment Plant is presently being commissioned. Slime reclamation commenced during February 1982 and sand reclamation during April 1982. It is estimated that approximately 0.5 million tons of slime and 1.0 million tons of sand will be retreated by 30 September 1982.

Capital expenditure authorised by the directors at 31 March 1982 amounted to R11.2 million (31 March 1981: R43.0 million) of which R6.1 million is committed (31 March 1981: R11.5 million).

It is the policy of the company to declare one dividend each year in October.

For and on behalf of the Board D. T. WATT
J. R. FORBES
Directors Directors

A. B. HALL 4 May 1982

Registered Office: Off Main Reef Road Crown Mines, 2092 South Africa) (P.O. Box 27

Crown Mines, 2025 South Africa) 4 May 1982

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£2m advertising campaign BY ARTHUR SANDLES BRITISH AIRWAYS has perimenting passengers might wants to boast about having launched a £2m advertising want to do on the way out flown them all.

into flying the flag. The campaign, the first the airline has run on such a scale, aimed specifically at the husiness traveller, will contrast the borrors of Arab bazaars and Manhattan traffic with the calm relaxation of a club or first-at one end, and the inexpericlass gin-and-tonic and friendly

BA research in the past year In the middle is the 30-40-year- them," says Mr. Terry Coates,

campaign, which opened on to a destination, on the return things as rapidly as possible.

British Airways launches

Cone and Belding, will play on competition for it. this desire. The research has split air

over-50s, who are set in their ways and put comfort above all enced newcomer who flies BA

television last night, aimed at flight they want to get back few relatively stable areas of wooing the business community Business travel is one of the The airline's agents, Foot, creasingly vigorous in their

> "Businessmen are profitable passengers into three types: the passengers because, although we offer them more service and greater flexibility of travel, they

as well as two U.S. airlines "Therefore we decided on a (Pan American and Trans World Airlines). for reassurance at the other, campaign aimed specifically at has shown that whatever ex- old experimenter who simply BA advertising director.

Erltish Caledonian already been granted tem-porary rights to fly the Gatwick-Los Angeles route through the summer, starting later this month. If it is denied the route in the licence hearings now beginning, it has agreed to quit immediately.

for West

coast flights

BRITISH CALEDONIAN, the

independent airline, today

starta its fight for a per-

manent licence to By the

Gatwick (London) to Los

Angeles air route, teft vacant

by the collapse of Laker Airways earlier this year. It is

being opposed by British Airways, which already files

the route (from Healbrow)

hnt which believes that the

available traffic is insufficient

to justify two British airlines

bopes Aviation Authority, which is conducting the hearings in vinced that there is room for a second permanent British carrier and grant B-Cal the

The hearings are expected to last four days at least. The Anlhority will then give its verdict. If it decides against British Calcdonian, the airline will appeal to the Secre-

BCal fights | Lords review Lloyd's Bill today BY JOHN MOORE, CITY EDITOR

THE LLOYD'S BILL for improving the insurance market's selfregulation comes before a House of Lords select committee today for review against a background parts of the legislation by legislation are Stenhouse Hold-Lloyd's brokers and under- ings, Minet Holdings and C. E. writing agents.

Four large Lloyd's brokers have mounted a parliamentary petition, which will he heard by the Lords, in an effort to stop legislation requiring them to with underwriting agents, the aspects of the legislation. groups which run underwriting syndicates.

Parliament insisted on the immunity

Howden, part of Alexander and into "working" and "external" Alexander of the U.S., the members. world's second largest broker. of mounting opposition to key Other brokers challenging the

> A group of five underwriting agents also oppose this part of the legislation in a separate petition.

Heath.

Four petitions have been sell off their shareholding links lodged against the Bill on other

a new Lloyd's council legal

The group is led by Alexander classifying members of Lloyd's

Attention is expected to focus during the committee readings on a major row which has developed in the Lloyd's market clash over placing of Qantas level inquiry after complaints in Howden to reduce the rates.

·Two oppose a clause granting a broker at Alexander Howden Group, which offered to place the aviation husiness of Qantas

two are opposed to a clause vious year's insurance rates. The quote to Qantas was made after the Howden broker had consulted one of Howden's top underwriters. Mr Ian Posente, who offered to lead on the underwriting of risk.

. The market opposed the move and prevented Mr Posgate, a marine insurer, from leading on the Lloyd's market this year bas insurance market in London caused Lloyd's to set up a top. caused Lloyd's to set up a top- also resisted the move by

Howden had to meet the Lloyd's is studying the role of difference which it quoted to Qantas and the rates insisted on by underwriters out of its ow: funds. It paid about \$600,000 move because of conflicts of damages by its members and at 20 per cent below the pre- (£331,490) to underwriters.

Why travellers fly first class

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE MOST COMMON reason business alr travellers to buy first-class tickets is that they get more space and comfort aboard the aircraft.

Other benefits, such improved meals, faster check-in, and special private lounges. while appreciated, do not rate anywhere near as highly in the list of businessmen's prefer-

These findings emerge from a study by British Airways into reasons why some travellers, or their companies, are prepared in pay the higher fares required nutilished as a booklet entitled First-Class: Who Travels In

Style, and Why, the world's top travellers appreriate most of all the extra seat comfort (24 per cent) and the British Airways, is one of the associated extra space of the most complete investigations first-class cabin (20 per cent). Into first-class air travel on long with more room to get up and facillties.

goes with first-class travel is

appreciated by 12 per cent of manager of market develop-the sample, while 15 per cent cited the "isolation and quiet" found in particular that as one of the main reasons for flying "up the front" of the aircraft

For the rest, first-class meals were cited by only 5 per cent of the sample as an attraction. while sleeper-seats, quick check-in and executive lounges also rated only 5 per cent. Faster boarding and sborter slecper-seats. queues at airports rated only 4

per cent each. Other reasons cited for firstclass air travel included need for top executives to reach their destinations in fit physical and mental condition to work, while others sald that this The survey ahows clearly that ingly regarded as a worthwhile

company expense. bauls yet undertaken, with walk round, and the additional much advice to passengers on of separate toilet how to travel, and on bow reillties.

The personal service that passengers, at the higher fares, oes with first-class travel is Mr Don Ford, BA general

passengers, liked to fly home first-class, even if they flew out

" After the rush and worry of a business trip, a first-class flight really restores their feeling of well-being, and passengers interviewed at Heathrow Airport bad a positive view of the entire experience."

in a cheaper class.

Heritage taxes 'against national interest'

a paper published by the Institute of Economic Affairs today.

Dr Barry Bracewell-Milnes, an economic consultant, says that private owners can often main- is reduced, he points out. tain huildings of national importance more cheaply than the state.

HEAVY . CAPITAL taxation else if the asset passes to the which penalises the owners of state. The benefits of ownership stately homes and other may be more important for heritage assets" are against the national interest and should of consumption, be argues.

Such people spend a con-siderable portion of their incomes in the upkeep of their properties, so that their spending power in other directions

"The owner of a substantial town or country estate who feels he has been entrusted heavy obligation, not the less real for being self-imposed. His spendable income is reduced, not increased, by his ownership of beritage assets, because of the requirement of funds for their upkeep," Dr Bracewell-Milnes says.

Capital taxes have been exceptionally beavy in the UK. and reliefa for heritage assets have been too late and too grudging to prevent the deatruction of buildings and the dis-Moreover, the owners enjoy with a living entity embodying persal of their contents "on a the benefict of ownership which part of the nation's history, art scale not experienced since the cannot be enjoyed by anyone or countryside, lies under a dissolution of the monasteries." persal of their contents "on a

tage assets destroy a precious and irreplaceable asset in the knowledge and dedication of historical owners. No one else can look after the property so well or so cheaply. The losers are not only the owners but the rest of the community as well."

Lond and Heritage: The public interest in personal ownership. By Borry Bracewell-Institute of Economic Affoirs, 2 Lord North Street, London

DHSS slowness delays pension benefit payments

COMPANY pension scheme administrators are facing prob-lems over the payment of Department pledged to give various benefits to members company schemes which conbecause of the slowness of the tracted out the ne Department of Health and ln a short time. Social Security In giving them the necessary figures.

This is causing delays of several weeks in paying the benefit and has led Bacon and Woodrow, a leading firm of consulting actuaries, to provide a series of calculating aids. Its clients can make the required complex cauculations easily and accurately, and so avoid delay.

One major problem occurs when employees change jobs and are entitled to a refund of their pension contributions.

The administrator cannot make the payment until he knows the amount to deduct to buy back the equivalent paying widows' pensions.

At the start of the new state tracted-out the necessary figures

But experience has shown It tn provide the figures.
Civil Service strike takes weeks rather than days introduction last year of a new computer for the Department bas made the problem worse.

The problem is less serious If the administrator has notice of benefit payments, such as impending retirements. But it is of particular concern when members die in service to pay widows' pensions as soon as

Many pension consultants are becoming increasingly con-cerned over delays by the Department. Like Bacon and Woodrow they are making their earnings-related state pension. own calculations and providing Another problem occurs in adjustments later, on receipt of the official figures.

From today, life is going to be very unfair for other personal computers.



U.S. cotton growers open European office in London

FINANCIAL TIMES REPORTER

ducers, has opened a European office in London to service textile customers in Britain and The organisation is funded by

the American industry, which accounts for about a fifth of the world's cotton output.
In 1979-80 the U.S. exported a record 9.2m hales, more than hatf of its production. Efforts are being made to atep up sales abroad, and the organis-

ation plans to open a Far Eastern headquarters in Osaka, Japan, later this year.

COTTON INC, which carries of, the International Institute out marketing and research for Cotton, a Brussels-based for Cotton, a Brussels-based body which promotes cotton on bebalf of the main developing country producers. IIC main tains its own research facilities at Manchester in the UK.

Cotton Inc bas made contact with Marks and Spencer and hopes that company will per-suade its suppliers to specify planning to approach more than 60 big textile organisations throughout Europe on a regu-

lar hasis. They also expect to work with textile equipment manufacturers to make sure machinery Cotton Inc maintains links continues to be developed to with, but works independently process cotton.

The ICL Personal Computer.

Choosing the wrong personal computer can not only be problematic, but very costly. The new ICL Personal Computer is the right one.

It's a quality, professional personal computer. It can start with a single Visual Display Unit, naturally. But unlike other systems, it can grow as your needs grow. Starting at around \$2,900 with one VDU.

The ICL Personal Computer provides a range of options enabling you to have a system tailored

to meet your changing needs. By adding a fixed-disc, you can have eight times the available storage capacity, and support up to 4 VDUs. And ICL can provide an extensive range of personal computer hardware and software.

Wide range of Application software available, providing limitless possibilities.

So your secretary can do her word processing, you can do your forecasts, and your accountant can do the invoicing, all at the same time.

That's what makes the ICL Personal Computer more than just a personal computer. Needless to say, it's compact, good-looking and extremely simple to use.

And ICL's business applications experience and ICL Trader Point service back-up is second to none.

What more could you ask for, apart from a demonstration?

trader point

Vauxhall may expand

crease its workforce after years from its Opel aister plant in of cuthacks by the country's Belgium.

of the Cavalier range has been profit this year—and a net profit beyond its expectations. In in 1983, Mr John Fleming, the April the Cavalier took 7 per chairman, said yesterday. The cent of the British market. company was already recruiting.

The car is manufactured at for jobs lost through natural Luton but demand is so high wastage.

VAUXHALL may become the that Vauxhall is having to imfirst British car company to in- port 40 per cent of the vehicles

After years of losses, Vauxhall The company says the success is set to make an operating

National Bus route map

A MAP showing the principal hoth urban and tural bus ser-local bus links between the vices in most parts of England Wales has just been published addresses and telephone numbers of all the subsidiaries.

main towns in England and and Wales. The map gives

who think that many people are likely to be surprised by the "continued extensiveness" of "continued extensiveness" of "tip also being districentres and points of entry for tourists. It is also being distributed overseas.

NBC operates 15,000 vehicles on

o: ICL	.Trade	r Po	int, ICI	. Hou	se, Putn	ey, London SW15 1S	W.
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Name:	Position.	
Company Name & Address	· · · · · · · · · · · · · · · · · · ·	
	Telephone:	
Type of business:		FT4/



By Our Labour Staff

A MOTION from the executive of the National and Local Government Officers' Association pledging support for the TUC's campaign against the Government's Employment Bill is to be put to the union's annual conference in Brighton next month. It urges members to "respond readily to calls for

Three amendments to this, along with a motion from Strathclyde, seek to make ex-plicit that it may be necessary to disobey the proposed law. Metropolitan district council is calling for total non-co-operation by all unions, including refusal to appear before courts, end for a co-ordinated campaign of industrial action by all unions if any union or member is taken to court under the legisletion, proposed by Mr Norman Tebbit, Employment

Secretary.
The executive motion calls on the Government to adopt the TUC's alternative economic strategy. One amendment calls for "concerted industrial action to rally the membership in opposition to all anti-union government policies as a whole." Another says this should not fall sbort of preparing members for "an absolute challenge to this Government's

Other motions and amendments call for non-co-operation in the Youth Opporunities Pro-gramme, the proposed new training scheme, applications for private hospitals and allocation of health service pay beds, and the "privatisation" of public services.

This week the results are expected of a ballot of Naigo's 780,000 members in which they are believed to have rejected affiliation to the Labour Party. Robin Reeves adds: Trade union co-operation in any Labour government incomes policy was ruled out at the Wales TUC's annual conference in Llandudno at the weekend.

The conference called for policies for economic recovery under a Labour government, which included EEC withdrawal, nuclear disarmament, import controls, and planned public investment and expaditure. It specifically excluded any plan-

ming of incomes.

Mr George Wright, the Wales
TUC general secretary, said his
general council took the view that there could only be a place for an incomes policy as part of a "full-blooded." Socialist

approach.
Mr Derek Hodgson, of the
Communication Workers'
Union, stressed that there wes little chance of restoring full employment if the election of a Labour government was followed immediately by a wages

Mr David Plante, e General and Municipal Workers' Union leader, said that after their experience of the past three years, the low-paid bad had enough of free collective bargaining.

Mr Ken Thomas, general secretary of the Civil and Public Services Association, said research on incomes restraint under the last Labour administration had shown it had been ignored by the private

Insurance staff may reject 9%

By Brian Groon

AND insurance company faces e recewed threat of industrial action by half of its 5,000 staff over a pey offer which would raise salaries by 9 per cent.

Action planned to begin Jast week was deferred while the Association of Scientific, Technical and Managerial Staffs advicery committee at the

advisory committee at the company considered the second "final" offer.

The committee has refused to back acceptance and the offer is going out to 2,600 members in a ballot without recommendation.

Industrial action will begin on Monday if the offer is re-

jected and sanctions are sup-ported. Initially, these are likely to involve a work-to-rule and refusal to work by tele-

Mr James Terry, ASTMS divisional officer, said there could be walkouts and a "really bloody dispute" if the manage-ment carried out threats to discipline those teking action it considered unacceptable. The Bank of England will

provoke a "very serious reaction" if it offers rises of 4 per cent to 4,200 employees, Mr Ray Shuttleworth, general secretary of its staff association, has

A claim for 9.5 per cent rises and another three days' holiday from July 1 has been made by the Bank of England Staff Organisation following the Eoglish clearing banks settlement of 8.5 per cent and longer

holidays. The Bank of England Staff Organisation is thought to be unique in the City, because its members are caught up in public-sector cash limits. offer not greatly above the government 4 per cent pay provision is expected, though it may

be as high as the 5.9 per cent Civil Service arbitration finding.

Docks, rail and hospitals may face disputes soon

BY BRIAN GROOM, LABOUR STAFF

and health service.

The dockers and health workers pose direct challenges to the Government, which wants to avoid domestic clashes as it deals with the Falklands crisis.

Dockers' leaders meet Mr David Waddington junior Employment Minister, today to put their case for the national avenues.

dock labour scheme to be BR executives believe the extended to all ports and tribunal's terms of reference

The Transport and General Workers' Union plans a national dock strike from Monday if the Government does not agree to

Monday is also the day the TUC Health Services Committee meets to decide on industrial action over the 4 to 6.4 per cent pay offers to 1m National Health Service workers.

Employees will announce this week that a majority of its 300,000 health service members have voted for industrial action. The Confederation of Health Service Employees has begun action, but union leaders

THE COMING WEEK could believe addition of other TUC If it makes offers to the decide whether major disputes unions would quickly reduce National Union of Railwaymen develop in the docks, railways hospital services to accident and

Lord McCarthy and his two colleagues in the Railway Staffs National Tribunal are expected to deliver their judgment this week, possibly on Friday, on the flexible rostering issue. The outcome may bring more indus-trial action, by a variety of

will make it difficult for Lord McCarthy to rule against its case that the drivers' union Asief should move from its eight-hour day and agree to

Aslef is unlikely to agree to this and may call strikes again, if BR attempts to impose them. It may refuse to co-operate even if Lord McCarthy refuses to back a national agreement and The National Union of Public recommends that rosters be settled locally, a recommendation unlikely to satisfy BR.

If the issue remains unresolved and BR refuses to make a pay offer this year as a sanction, it could face a dispute with all three unions.

and the Transport Salaried Staffs Association, but not Aslef, it would provoke another dis-pute with the drivers.

The NUR has alreedy threatened strike action over proposed workshop closures, and the Confederation of Shipbuilding and Engineering Unions, which also has members in British Rail Engineering, meets tomorrow to decide its

The planned dock strike presents the biggest immediate threat for the Government.

Even though the TGWU seeks extension of the present dock labour scheme, established in 1967, to avoid reopening the controversy over the unfinished status of Labour's 1976 Dockwork Regulation Act, the Government would face fiered criticism from backbenchers and the non-scheme port employers if it gave in.

Mr Weddington's brief today is to "clarify" the dockers' demand. The meeting will be followed tomorrow by e recalled meeting of the TGWU Docks and

Call for tough line on shipping redundancies

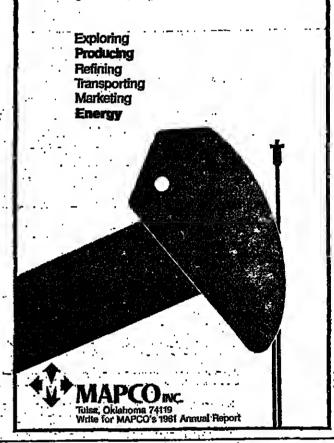
By Ivo Dawnay, Labour Staff

LEADERS OF Britain's 40,000 seamen face pressure for tough action to halt job losses. Two motions to the National Union of Seamen's hiennial general meeting in Tenby, later this month, call for radical measures.

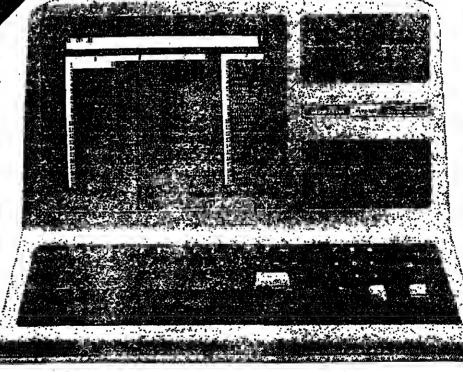
The motions, put by the Harwich and South Shields branches, demand immediate official backing for action against any companies trying to transfer ships from the British flag fleet or to impose redundancies.

They also seek: the stopping and occupation of any threatened ship; official strikes to halt other ships owned by the same company: the blacking of goods and pleketing of depots owned by the company or any other company to which blacked goods are transferred.

likely to win the backing of the conference, their militant tone reflects mounting anxiety anlong the union's 40,000 members over the rapid decline in jobs.







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Bath feasts on solar arrays through to the 1990s

BY MAX COMMANDER

EUROPE leads in the design and manufacture of photovoltale generators in space. It has now becume a ques-

tion of the "tail wagging the dog." Some years ago the space scientists thought about the satellite first and how to energise it second.

Now it is the other way round. How do we provide energy for a satellite first say the scientists.

Sorting ont the solar cells; how to launch the growing arrays for satellites has be-come big business with a variety of European companies involved.

Today, a symposlum in Bath involving Nasa, the European Space Agency, and

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almost all of the contractors-BaE, Dornier, Lockheed, the Hugbes Aircraft Company and speakers from Britain. the Netherlands, France, Norway, and West Germany, among others, will combine to talk about solar arrays through the 1990s to the year

As a foretaste of the solar array feast at Bath, British Aerospace has unveiled some of the work it has been conducting for the Space Telescope doe for launch in 1985. The work is all very im-

pressive. Clean rooms and constant vacuuming should ensure not a speck of dust will enter the loading bay of

But as Reg Fox, Project Manager for the Space Telescope solar array says: In the 1960s we were able to stick the solar cells around the Ariel, Intelstat, Comstar satellites. We could carry the cells around the building without trouble and just stick them to

the satellite. "Now we are involved in a solar array of 356 square feet with 48,760 solar cells. At one G it would fall apart and we have had to design a sophisticated water hed to support the arrays for test-

ing."
The solar arrays from BaE are flimsy but have a design life for the telescope of five

ingersoll

So one talks about electrical output. BaE is using 4x2 cms cells which, the company says, have a start life power output of 5 kW. But radiation in space and the odd hit from micro-meteorites will, by the end of the five years, reduce this to 3.7 kW.

Degradation is a horrible word but this is what today's space technology is about and, therefore Ball has designed its solar panels and associated engineering on the basis that the astronauts can unbols the solar panels, stow them away in the Columbia bays, return them to Earth and at Filton they will be refurbished.

Meanwhile, BaE will have constructed a few more solar panels for the next launch-all part of an ongoing

Of course, there are prob-Marrying the work of British, Freuch, German companies, etc, is not easy. At least, the Americans have specified one apanner for the astronauts to unbolt the solar

Going rate

Producing electricity in space is not cheap. A 4 x 2 cm cell costs about £25 to produce, but, as BaE experts point out, the cost of the components is not the real point; oue should look at the cost of generation.

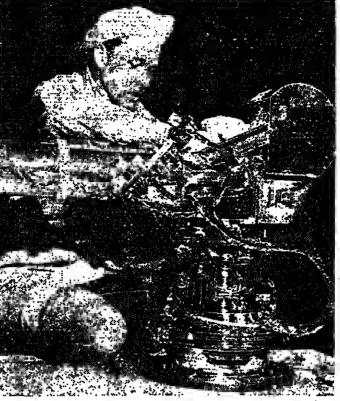
The figures become a bit frightening. About two to bundred thousand three bundred thousand pounds per kilowatt is the ing rate at present cell size. Efficiencies obviously have to be raised. At present the experts are talking about anything between 9 and 14 per cent efficieucy.

Nuts and bolts

With the present state of technology in the field an optimum of 10 x 10 cms for cells seems obtainable, but one BaE expert says that the U.S. is, "optimistically," talk-ing about solar arrays of 100 kW in the 1990s and oue megawatt by the year 2000.

casts. The terrestrial test problems are enormous, they But they are enthusiastic about the Space. Telescope.

One project man said: "Thank God this is one pro-ject that Reagan has not killed. We are all involved In the nnts and bolts nitty



A fitter puts the finishing touches to the primary deployment arm mechanism which will be mounted on the aolar array drive of the space telescope. The mechanism has been manufactured by Contraves of Switzerland and is designed to ensure that the solar array points constantly towards the sun. The anb-assembly from Dornier in West Germany is an adapter which will allow the complete solar array arm to be disconnected and replaced in orbit by the astronauts

Our astronomer frieuds have

been waiting for this break-through since Galileo. It is costing a lot of money but it might tell us where we came

from and where we are going

The Bath symposium will be the third devoted to photo-

voltaic generators, previous ones having been beld in Noordwijk and Heidelberg, and complements similar solar

energy conferences sponsored

by the EEC but restricted to terrestial applications of solar

This third event is spen-sored jointly by the Depart-ment of Industry, the Royal Aircraft Establishment and

How to manage energy use

THE COMPLEXITY of managing energy consumption under the regime imposed by electricity board contracts which penalise customers for exceeding certain peaks, has prompted the increasing use of a com-puterised system offered by Square D, a U.S. company with

subsidiary in Swindon, Wilts. For example, a large super-market with a bank of freezers for frozen foods may find that these are all activated st about the same time by thermostats, pushing electricity consumption above the desired peak.

Penalised

Square D points out that its system will avoid this by phasng the use of the freezers and, if necessary, cutting out other nou-essential power use for a short time to avoid exceeding he set limit.

Another simple use is to programme the Watchdog to maintain a constaut level of light in retall promises during a working day; reducing elec-tric light during naturally light perioda, and increasing it when necessary, probably later in the day.

necessaray for companies to be penalised in this way, and the pay-back period on this investment is normally between nine and 12 months."

The system which ranges in size from eight to 64 loads, is said to be simple enough for unqualified people to programme it and can be linked to a printer or another computer system for monitoring. The company points out that Britain lags behind the U.S. and other countries, uotably

tend to cause problems), in the use of such systems. The cost of the eight-load Watchdog is around £1,400, and can be expanded when necessary with the addition of

ireland (where power peaks

more capacity.

LORNE BARLING

Gas check

clip-on regulator Gaslow, bas been designed by Hodd, High Street, Egham, Surrey (0784 31979). It can be fitted to the high pressure side of the aystem to check for leaks The company said: "It is un- in the complete installation

and sunlight powers the Bahrain pumps

BAHRAIN has a surfelt of sunshine and oll and, therefore, it seems appropriate that a filling

station should be solar-powered. This one in Bahralu has its pumps, some lighting, its refrigerator and battery charger solar powered. The nice point is that sheikhs or other users are made aware of the sunlight by the sign that tells them that the station is solar powered. The Bahrain National Oil Company points out that design and construction was carried ont in bouse by its engineering staff.

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- it pays to shop around.

the European Space Agency. As Alan Dollery of the The BaE people are a bit conservative about these fore-RAE at Farnborough and chairman of the organising committee points out, Bath is a particularly appropriate place. The conference will be

talking about the use of solar energy through the 1990s—following in the steps of the Romans who 2,000 years ago developed a rival technique to barness geothermal energy to beat their bath water.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

	Title
4-7	Home and Contract Textiles Show (01-385 1200)
	Optrafair (01-405 8101)
8-10	Optraiser (01-200 of01)
9-11	British Craft Trade Fair (0282 867153)
11-13	
14-18	British Music Fair (01-730 2628)
16-19	London Furniture Show (01-385 1200)
16-20	International Contract Furnishing and Interior
	Design Exhibition—INTERIOR DESIGN INT
	(01-540 1101)
18-21	international Exhibition and Conference for the
16-21 ,,	Pharmaceutical Cosmetics Toiletry and Allied
	Industries—INTERPHEX (01-747 3131)
	Hadisires—Interpret (01.14) 51517
19-20	Direct Marketing Fair (01-251 3546)
19-21	Chelsea Flower Show. (01-834 4323)
24-28	International Heating, Ventilating and Air Con-
	ditioning Exhibition EXPOCLIMA/HEVAC
	(021-705 6707) ,
24-31	World Wine Fair and Festival (0272 213381)
25-28	International Word Processing Exhibition and
PO-20	Conference (01-405 6233)
29-June 6	Manchester Motor Show (0602 51202)
	Consumer Electronics Trade Exbu. (01-486, 1951)
30-June 2	International Wine and Spirit Trade Fair (021-705
14	
	- 6707)

Olympia NEC, Birmingham Exhibition Ceutre, Harrogate Wembley Conference Centre NEC, Birmingbam Earls Court

Met. Exba. Hall, Brighton Kensington Exhibition Centre Royal Hospital, Chelsea

NEC, Birmingham Bristol Exhibition Centre

Wembley Conference Centre Earls Court

Crane builders beat brute force barrier

BY ALAN CANE

LIFTING TWICE your own presents its own problems as any hodybuilder will tell you. But if you are designing a erane to do just that and to manoeuvre the load at the end of a telescopic boom. you need a great deal more than just brute force.

So it is with understand-able pride that Mr Peter Steel, director of marketing and engineering for Coles Cranes, says of his company's Queen'a Award: "This was for one of the biggest technological jumps in the crane industry.

Coles "Octag" boom series of mobile (rubber tyred) cranes reach 10 per cent greater beight and 30 per cent greater lifting capacity than conventional models.

Comparison

This means that at the very top end of the range, an Octag crane weighing 72 tonnes and ballasted with a further 20 tonnes can lift and move 140 tonnes of load.

By comparison, a small crane truck capable of lifting 20 tonnes will itself weigh 22

Traditionally, crane builders have used a rectangular box section boom. It is simple, strong and easy to manufacture.

But at the top end of the range, this method of construction means that too much weight is conceutrated in the

Buckling

It is an old problem and all crane manufacturers bave their own solutions. The design constraints are that the boom must be resistant to local buckling (which means, effectively, that if you try to save weight by cutting holes or using thinner sheet, you have to reinforce to maintain rigidity) and that manufacturing costs must be held

Coles' solution, developed over 10 years (and now safely protected by patent), is an octagonal atructure involving three element side plates. Strength is preserved and weight is saved in the top and bottom flange.

Furthermore, this structure allows ample space for the telescopic mechanism of the Coles, with a current £100m

turnover, is exporting about 90 per cent of its production. Depending on how the sums are calculated it ranks number three or five among world crave makers.

i		
OVERSE	AS TRADE FAIRS AND	EXHIBITIONS
1		
Current	Fast Food and Catering Exhibition (01-935 8200)	
	(until May 5)	Dubai
May 3-6	Offshore Technology Conference and Exhibition	·
	· . /64 407 4024\	Houston .
35av. 4.7	Trade Fair for Clothing Textiles—INTERSTOFF	
	(01-734 0543)	Frankfurt
	TATION OF Taxan Later them I Contile	
May 6-11	KORTEX 82-Korea International Textile	
	Machinery Exhibition (021-705, 6707)	Seoul .
May 11-14	SITEV 82 International Exhibition of the Suppliers	
	of the Vehicle Industry (Geneva (4122)	
	32.98.08)	Geneva
Mars 10 00		Cologne
May 18-22		COLOGIA
May 19-23	South East Asia's International Machine Tools	Di-
	Exhibition-MATEX (01-681 7688)	
May. 25-27	Europe Software Exhibition (01-486 1951)	
May 25-29	International Wine Exhibition (0727 63213)	Basle
May 30-June 4		
may overme a	THE MAN TARREST PROGRAM STREET & MAN TO A STREET (VI	C 1110

486 8686) June 3-10 International Plastics and Rubber Exhibition (01-439 3964)

Sao Paulo

ONFERENCES

BUSINES	S AND MANAGEMENT CO
May 4-6	IPM: London Personnel Managemeut Conference (01-946 9100)
May 4-8	Institute of Metal Finishing: Annual conference and exhibition (021-622 7387)
May 6-7	ESC Conference—World Coal in the 1980s (057282 2711)
May 7	City Seminars: Financial futures—Setting up a futures operation (01-629 8863)
May 11-12	FT Conference: Gold and the International Mone- tary System (01-621 1355)
May 11	Oyez IBC: SSAPs Accounting standards in practice (01-242 2481)
May 12	The Textile Institute: New dimensiona in knitted fabrics (061-834 8457)
May 13	IAG Institut d'Administration et de Gestion: Finan- cial analysis and financial markets (Belgium 010 4LSLSI)
May 13-15	Gordoo Simmons Research: Efficient retail management in the changing 1980s environment (01-240 0256)
May 14	Dun and Bradstreet: Purchasing from abroad—for commercial executives buying from abroad (01-247 4377)
May 17-21	Institute of Personnel Management Selecting the right candidate (01-946 9100)
May 19	The Filtration Society: Cost efficient filtration (01-686 6330)
May 20-21	McGraw Hil! Conference Group: The Platt's 1982 Petrochemical Conference (New York (212) 997 4931)
May 24-25	

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Montreux Carlton Tower Hotel, SW1 Holiday Inn Hotel, Leicester

Louvain

Grand Hotel, Easthourne

Cafe Royal, W1 Whites Hotel, W2 Cora Hotel, WC1

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World Electronics—The U.S., Japan and Europe: Competition or Collaboration? London — June 9 and 10, 1982

London — June 9 and 10, 1982
Japan's emergence as a major world force in electronics and the resulting reactions in the United States, long used to industry leadership, and in Europe are the main themes of this conference. Many vital issues of business strategy and public policy are raised by this conference with export commentary by the impressive panel of speakers in government end the industry from Japan, the United States and Europe. They include: Mr Gordon Moore, Intel Corporation; Mr Taiyu Kobayashi, Fujitsu Limited; Mr Llonel Olmer, the U.S. Under Secretary for International Trade, Mr J. G. Maisonrouge, IBM Corporation; Mr Jean-Claude Hirel, Ministry of industry, France; Dr Eng Atsuyoshi Ouchi, Nippon Electric Co., Ltd.; Sir Richard Cave, Thorn EMI plc.

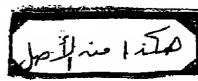
THE ECONOMICS OF NATURAL GAS DEVELOPMENT VENICE — June 21 and 22, 1982

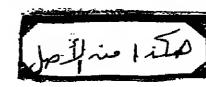
VENICE — June 21 and 22, 1982

This important FT energy seminar, co-sponsored by Jensen Associates of Boston, is to be held in Venice immediately following the IGU meeting in Lausanne. The sponsors believe that the occasion will provide a unique opportunity to assess the future for gas in developing countries. A special feature of the programme will be a presentation where the issues and constraints related to natural gas development will be considered by a panel of four speakers from the World Bank. The conference will feature papers by: Ir Wijarso, MIGAS, Indonesia; Mr G. Kardaun, NV Nederlandse Gasunie: Dr M. Colitti, AGIP, SpA, Italy; Mr Adrian Lajous Vargas, Ministry of Industrial Development, Mexico and Dr Tongchat Hongladaromp. Petroleum Authority of Thailand.

All enquiries should be addressed to: The Financial Times Limited Conference Organisation Minster House, Arthur Street, London EC4R 9AX

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BUILDING AND CIVIL ENGINEERING

Jobs scheme attacked

THE CONSTRUCTION industry is becoming increasingly NFTBE estimates that its plaints are obviously being kept angry about the impact of the members have lost £2m worth under wraps until then. How-Opportunities gramme on its workload.

Fig. Company by the first of th

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LORNE BAS

ITIONS

IBITION

RENCE

As concern grows, industry leaders are preparing to ask serve." able for inclusion in the YOP laid off, or not being taken on, programme and those contracts which should go out to tender to the industry in the normal

struck a sour note last week when he addressed the annual general meeting of the NFBTE's Liverpool region,

The Manpower Services Commission's Youth Opportunities and Community Enterprise Programmes, he said, were a matter of grave concern to NFTBE members: "We now have overwhelming evidence." Mr Ure added. "of the damaging effect which these well intentioned but badly selected schemes are having upon the trading operations of small- and medium-sized builders."

It seems that the NFTBE's original understanding of YOP work experience schemes was that youngsters, otherwise unemployed, would gain experience on building projects which would not otherwise be and put forward some positive carried out — community projects like village halls and barmonious relationship with

because there is not suitable work for them to do.

The outgoing president of the National Federation of Building sulted in a marked decrease in sulted in a marked decrease in also out last week, noted that prise Programme; craft recruitment and training, financial parameters; 28, 1982 registrations lodged with the National Joint Council for the Building Industry totalled 9,331 for England and Wales, compared with 11,852 in · 1980-81.

> posed to maintain its commitment to training," said Mr Ure, "when work, which is quite pose, is heing hived-off to meet some cosmotic work experience

The NFTBE is seeking to bring the problem to a head on meeting with the Under-Secretary for Employment Mr Peter Morrison. It aims to present Mr Morrison with the facts,

Pro- of work in recent months-work ever, there is criticism within which Mr Ure describes as their the industry of YOP involve-"traditional and rightful pre-ment in schemes such as twoleaders are preparing to ask serve." In the country as a and three-storey school refurministers to differentiate whole, the NFTBE says that 150 hishment projects and the hetween the sort of work suit- apprentices are either being repainting of railway stations. Other items include:

A youth club job worth £300,000 of which one-third has The NFTBE's annual report, gone to the Community Enter-

A cricket school and sports complex with roughly similar From March 1, 1981 to February And a company registered as charity with something like

100 workers on its hooks, going

for work in direct competition

to NFTBE members. The NFTBE says that there are 29 area boards of the MSC made up of employers, trade unionists, local authorities and education and other interests which should have a monitoring role. The federation says that

it is not being consulted in this

The MSC at this point, pre-fers to wait until mid-month, when it will have seen the NFTBE case. But it is prepared to concede that it is tightening up its own monitoring activities; and the NFTBE makes it clear that, while it supports the principal objectives of the YOP. it is asking for a clear dividing line to be drawn.

WILLIAM COCHRANE

Foam warning sparks off new controversy

foam—which bas been banned as a health hazard in the U.S. has prompted pointed reaction from the National Cavity Insulation Association.

Mr Owen Luder, president of the Royal Institute of British Architects, is warning his members to seek warranties from manufacturers, suppliers and contractors hefore using UF-Foam. "Until more is known about the health effects of UF-Foam; I think it is in everynne's interest to exercise a little caution," Mr Luder said.

The National Cavity Insulation Association Insists, however, that there is no medical evidence to suggest that the use of UF-Foam in Britain has caused serious illness. It says that British standards of installing UF-Foam are much better than in the U.S.

"If proper procedures are followed then the use of UF-Foam is perfectly safe. It is nut first consulting the indus-

try," said a spokesman for the Foam NCIA. health The use of UF-Foam has

A WARNING about the use of been banned by the U.S. Con-urea-formaldehyde insulation sumer Products Safety Commission which said that in some cases UF-Foam can release formaldehyde fumes into the home.

However, a report by the Health and Safety Executive Council in Britain concluded: There is at present no suggesting exposure to formaldehyde has produced caucer io humans.

The NCIA says that there have only been one or two cases where the public has complained that the use of UF-Foam has caused "stinging |

meet strenuous British Standards governing both quality of materials and the way in which they are installed. "All our members are covered an extensive warranty

Nonetheless fears about the use of UF-Foam remain. At least one local authority has a pity that the RIBA should been reported to have been bave taken this approach withfollowing allegations that UFbas resulted in ill health.

UK CONTRACTS French Kier wins £20m

TWO IMPORTANT hospital Mowbray (value £1m). of Felixstowe add np to nearly £20m of new contracts for FRENCH KIER CONSTRUC-

The first hospital project is valued at £13.2m and is for the construction of the new Homerion District Geograf Hospital. It will comprise two ward blocks, treatment and diagnostic block, service buildin the north west region; a factory extension at County ing, ancillary buildings and full Durham for English Industrial external works.
At St. Charles Hospital.

London W10, a £3.3m scheme is for the construction of extensions to form a psychiatric and psychogeriatric unit. The £2.7m award by the Port of Felixstowe is for the Dooley

and Freight Liner Terminals and The Association added that incldes 5,000 metres of crane foam installers are required to beam, railway sidings and meet strenuous British 22,000 sq metres of surfacing. Standards governing both Half of the work is in an operational area.

> R. M. DOUGLAS has woo more than film worth of new work in the last two months with the hulk of contracts (over £5m) going th its South Wales region, including a £1.32m roadworks scheme near Dyfatty for West Glamorgan County Council. In the Midlands a further \$2.5m includes the construction

of a large storage facility for ANDREW TAYLOR Pedigree Petfoods at Melton

A design and build contract to construct a garaging facility at Wandsworth in south London for

Mann and Overton is valued also at around £1m.

Despite work being more difficult to obtain in the north, the company says it has nevertheless totalled over £3m worth. This includes advance factories for the Weish Development Agency

PART OF a new batch of flom worth of work won by TARMAC companies is the £6.3m M1 reconstruction section of the northbound carriageway now started by Tarmac National Construc-tioo. This involves a 12.2 km stretch which is due to be com-

pleted in about six months.
Other companies, including Cubitts, have been awarded more than £4m worth with a £1.8m Sainsbury supermarket at Crosby, Merseyside, being under-taken by Cubitts.

NEW WORK for A. MONK & CO. Is worth £7.3m and covers civil engineering and building, a pipeline and an oilfield contract.
At Runcorn, the company will

construct 3km of trunk road between Sandymoor Lane and the A56 at Daresbury for Warrington and Runcorn Development Corporation at a value of £2.6m. This is a single carriageway in flexible construction incorporating seven struc-tures comprising two railway bridges, canal bridge, road

bridge and two subways.

The PSA has placed a £3.3m contract in Northants for the building of a USAFE dependent elementary middle school at Croughton, near Brackley.

THE WELSH Rugby Union's new stand and terracing at the National Ground, Cardiff Arms

Crendon Concrete Ca. Ltd. Long Crendon, Aylestrury, Bucks 11718 988 Tel: Long Crendon 208481

Structures

Crendon

Industrial

Building

WIMPEY CONSTRUCTION UK. under a contract worth about

Work starts at once on the project which involves the demoliting of the existing South Stand and terraces and the construction of an extension in the existing West Stand to connect to the existing East Terrace — this extension will constitute the oew

ACTING AS agents for the Department of Transport, Cheshire County Council awarded a £2.35m contract to the UNITED ASPHALT COMPANY (member of the Sir Alfred McAlpine Group) for the resurfacing and repair of 5.3 km of interchange (junction 9) to the Stretton interchange (junction 10) just south of Warrington.

TAYLOR WOODROW CON-STRUCTION (Northern) has over flm worth of new work including an £850,000 job from the CEGB for extending an existing 400 kv switchhouse at Eggborough Power Station, near Selby, Yorks. A £185,000 scheme for Ison Brothers (Newcastle) is for the design and constructi of a new small factory on the Hughs Industrial Estate, Blaydon, Tyne and Wear.

INTERNATIONAL CONTRACT

THAILAND'S National Housing Authority (NHA) has won a \$32.6m contract to build housing in the United Arab Emirates, announces the governor, Damrong Lathapipat.

The project calls for the construction of 500 bousing units

Architects back houseowners

ABOUT 20 per cent of bank- National Home Enlargement them out. ruptcles in 1980 involved build. Bureau. ing contractors and their collapse left bundreds of householders, extending or altering into liquidation before comple-

their homes, in the lurch. Now architects are expressing their concern at the victims'

RIBA promises that the scheme will enable clients to insure against a builder going high quality construction. By

tion of work. Its president, Mr Owen Luder. says: "Our industry has been plight and bave endorsed their plagued by cowboy builders feeling by supporting the new and unqualified designers for Bureau Bonded Building many years, and this scheme Scheme" being launched by the will undoubtedly help to stamp

"A good quality building wbether large or small requires both high quality design and successfully marrying pro-fessional supervision with higher construction standards this scheme offers great benefits to the consumer, and I will certainly be urging architects to persuade good builders

Park, will be undertaken by

New advisory body for BRE THE GOVERNMENT is to the establishment's funds sentatives from a wide range of

establish a new advisory body should continue to be financed to assist with the management by Government. of the state sponsored Building Neddies "suggested that part of Research Establishment. Ways the BRE's budget might be finof recouping some of the anced via a construction indus-BRE's costs from alternative try insurance scheme to cover sources are also to be companies against claims for

The decision announced by fund building research Mr Michael Heseltine, Environrecent key recommendations gate various ways of providing made jointly by the Building alternative sources of finance Economic Development Committees.

However the scheme could be used to help work has been orientated fund building research. work has been orientated towards the public sector.

The new BRE advisory com-

construction interests. This would be in line with the "Little Neddies" recommendation that closer links should be forged between BRE management and the private sector. The building and civil engineering committees were concerned damages. Payments into the that too much of the BRE's

The decision to retain the ment Secretary, is in line with mittee will be asked to investi- BRE will be welcomed by many in the construction industry who had feared that the Engineering for the research establishment. Government might be per-This examination is likely to suaded that building research include the possibilities for should he entirely financed establishing some kind of Indus- through the private sector. This The committees' report try-wide insurance scheme. they believed could threaten stressed that the BRE should Membership of the advisory be retained and that the bulk of board is likely to include repre-

Around the industry

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work has started on Hunting-don and Godmanchester Bowls Club's indoor howls half which tee agaiost corrosion. Brick-ing of aluminised steel It is intended particularly for architects and other specifiers, fire officers and building with work is incorporated into steel framed building erected front elevation.

● G.R.A.B. Resins (Leicester) by H. Boon and Co., of Ford- ● The first seminar and forum on phenolic insulation to be ham, Cambs.

The building will be constructed almost entirely using in the UK (indeed, in Europe, says the company). It now has awards for four of its acrylic industrial floor screed toppings, awards has started on Hunting
Work has started on Hunting
The building will be constructed almost entirely using annufacturing trade association, the PFMA, is to be held on May 19 next at Belgraye House, Buckingham Palace Road, London SW1.

It is intended particularly for architects and other specifiers,

energy saving and fire safety. Details on 01-948 4153.

The first chairman of the new trade federation BACMI is Mr Gordon Lee, managing director of Tilcon. Its highways adviser will be Col W. C. S. Harrison, formerly county surveyor of West Sussex.

The Cement and Concrete Association is to bold two courses for engineers and technicians accordingly to the concrete and technicians are consequently associated.

nicians concerned with concrete production at its Fulmer Grange Conference and Training Centre in June and July. Admixtures for concrete is from June 21-23; Concrete mix design, July 5-9. More from Press Office 01-235

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A clear message—but is it getting through?

Tim Dickson concludes his series on the attitudes of the Big Four banks to small firms

"Managers need to go out

husinesses) feel that they ore this page.
the least fovoured of the honks' Wilh more than 12,000 customers and come ofter per branches the "Big Four" banks

If these comments had been made by a group of frustrated entrepreneurs, they might carry little weight. But they were

-secoodees to various enterprise ageocies from a major

LIKE many energetic entrepreneurs Frank Shane does not always get his eight hours sleep a night-a shade irooic perhaps for a 43-year-old Northern Irishman who has been designing and maoufacturing continental quilts with conspicuous success for several years.

Shane, though, is suffering from a problem which other small company proprietors may recognise at this stage of the recession. For having established a significant share of a market dominated by major British companies, he now finds that he is having to use all the flexibity and innovative ability of a smalt business to survive the competition's fierce attack.

Shane is managing director of Shaoover, which he set up in 1972 with a starting capital of £25. "The idea of making Continental quits first came to us when my wife went out to buy one in Belfast." he re-"She came hack to tell me how much they cost, and when I beard this I was convinced it was possible to make them more cheaply. That £25 was the money I refused to give ber at that time."

"The consensus of opinion is thoughts to paper. The third he and his company have been really know obout the Govern- conclusions of a confidential ment's Loan Guarantee Scheme and independent study of small in great detail or obout the business customer attitudes grants orailable in their undertaken last year on behalf of another of the big high street

Over the past six months innoand get closer to customers, vations introduced by Barclays, and to see their problems more Lloyds. Midland and National Westminster specifically for "If onything, they (smoll tomers have been looked at on

sonal account holders who pro-ride the banks with interest free their corporate umbrellas procash and big businesses which vide just about every floancial ore individually more profit service a small company could ask for-ranging from over-



The first two quotes come drafts and medium term loans from bank managers themselves to factoring and export finance. Nonetheless, whenever two or three businssmen are gathered clearing bank who met earlier together, the chances are that this year to discuss their ex- at least one of them will com- down to 12 periences and committed their plain vociferously about the way overnight.

that (bank) managers do not observation is one of the majo treated by his bank. to be asked is whether the time.

really know about the Govern-conclusions of a confidential In spite of the small business inevitable raising of small One

of those actually running com-

panies that still banks frequently do not treat them sympathetically.

The problem is perhaps that the banks bave only turned their attention seriously to the small business sector in the last few years. They therefore still suffer from the legacy of a com paratively large number of old style managers who gained much of their experience in the days before fierce foreign competition and the easing of Credit Controls in 1971.

The response at head office to the sudden popularity of small firms could not possibly filter down to 12,000 branch managers

"units" which all the clearers husinessmen's expectations has to the problem of getting its in 1973 and 1976 respectively. have established in recent years, been matched by a better under- expertise into the market is the have a different approach. The the feeling persists among many standing in small firms of bow concept of special area nffices. setting up of BAS is recognition the system works and how a These have managers whose that smaller companies often complaints, it has to be said, is that the business project

seeking support is either hair-

brained or unrealistic.

The essence of the banks' small business policies has been tn develop the concept of a service which is more than just the provision of money. Broadly speaking there have been three areas of activity: management training; special services; and what may be termed "social responsibility" initiatives such as putting up money to support academic research.

No bank would ever openly admit that its staff was inade- knowledgeable and sympathetic spread through Barclays and unter but all head offices are to their customers. aware that some of their branches do not bave the necessary skills, imagination or knowledge to deal with existing small traditional link hely business customers or indicustomer and local branch.

The other question which has viduals starting up for the first

One of the Midland's answers company's finances should be sole responsibility it is to look controlled. The answer to many after the corporate business of customers of five or six branches.

Although a major reason for this reorganisation has been the opportunity to cut out overheads, Midland emphasises that area managers are now freed from the time-consuming preoccupations of personal customers and the day-to-day minutiae of running a branchtherefore, so its argument goes, they should be more



Rival banks are looking with interest at this strategy but some question breaking the traditional link hetween

other hand, which set up Business Advisory Services (BAS)



need and benefit from an overall management appraisal.

Under the scheme a specially trained BAS manager visits the customer for a few days. examines all aspects of financial management, and at the eod recommends ways in which performance can be improved.

BAS managers represent only handful of the banks' total staff but in years to come the effect of BAS training should

In some ways the provision of special schemes—although designed to plug gaps in the service-does seem to be counter-

Barclays and Lloyds, on the ally scores on offer, each of which makes a new demand on the time and concentration of the manager whn is already overburdened and is still try-ing to grasp the implications of what are effectively new guide-lines and balance them against the traditional yardsticks that

have long governed branch banking. No wonder some do not yet understand the Government's Loan Guarantee scheme, for example. A frequent cry from anguished entrepreneurs is the failure of some managers to

understand their business, particularly in the high technology area where the valuing of intangible assets and research and development work can prove difficult for the layman. The gap between the financial

and technical expert lies at the heart of the dehate but it is up to both sides to close it. Small businessmen often seem to forget that money-just like the raw materials for their product —is a commodity which is available from a number of sources and at different and negotiable

temperature and humidity conditions should ensure that the quilt does what it claims.

"I do think that small companies ought to follow the example of big ooes and make more use of the technical knowhow which is available at academic establishments," says

Marketing, says Shane, has also been a crucial factor in Shanover's success, though bere there are probably few tricks his competitors cannot match. He has, for example, used different hrand names for the same product to expand sales in the big high street multiples, (for example, House of Fraser,

Although Shane Is convinced that his testing facilities give the company a technological lead at the moment, he is prepared to admit that the advantage will not last for long. (He bas, however, applied for the patent for the Nestlewarm

"Some big companies think that size is everything and that with their greater capital re-sources they will be able to take us on easily. I'm sure that a small company with intelligent people and the ability to innovate can keep abead and succeed."

In brief.

yet to give its final blessing, John MacGregor, industry Minister with special responsibility for small firms, has now disclosed more details about the proposal for tax relief on contributions to "approved" enterprise

All being well, relief will be given on contributions which can be in cash or in kind made after the hegin-ing of April 1982. Companies, partnerships and sole traders will be eligible.

A list of "approved" agencies will be drawn up by the Department of Industry. The essential requirement will be that the agency does not " make any payment from income or profit—except for reasonable remuneration, rent or interest payments-to any of its members of manage-

INTEREST by new companies in the funds set up upder the Government's business Startnp Scheme seems to be keen. Creative Capital Fund, which was launched in January by the British Linen Bank and has now closed at a level of £355.000, reports a "considerable number of enquiries companies seeking

C and M Capital and Management, meanwhile, which spent most of the funds raised through last year's Venture Scheme un two investments before April S, is hoping to raise a further £500,000 to film with a further launch this year.

The British Linen Bank, Melville Street, Edinburgh; and M. Clarence Chombers, 39 Corporation Street, Birming-

A NEW report on "Innovation in Small and Medium Firms has just been published by the Organisation for Economic Co-Operation and Development (OECD). Based on surveys specially carried out in 13 member countries, together with separate studies and information from interviews, the report analyses in some detail small firm attitudes towards innuvation, their innovative activity in various Industries, and their overall contribution to technological progress. Copies can be obtained from OECD sales agents or OECD Publications Office. 2 Rue Andre-Pascal, 75775 Paris Cedex 16, France, Price FFr 68, £6.80 or \$15.



managing director of Burlington (Savile Row) Shirts - but he at least began with the advantage of business and man-

In their house, armed with Mrs Shane's sewing machine and material Frank bought from contacts io the textile trade, Shanover went on to challenge major British companies such as Slumberdown, E. Fogarty and Northern Feather which tradi-tionally have dominated the UK continental quilt market.

to its present main site on a Starting on his nwn was a small industrial estate at Whitevery different world from the abbey on the outsuirts of established business he had Belfast and a year later-with bean in previously - he was output expanding - acquired

How to get ahead while others sleep on it

extra capacity through the takeover of an ailing family company at Carnlough, County Antrim. Financial and other support was provided by the Local Enterprise Development Unit (LEDU), a Government agency (profiled last week. April 27), which is delighted that the whole operation now employs around 80 people, as opposed to the original target

Concentration on product development and careful Working initially from a room financial and quality controls are the main factors which have helped Sbanover grab roughly a 16 per cent share of all quilts nental Quilt Association in the UK with natural (ie feather and down) fillings. Turnover for the year just ended is expected to work out at about £3m with pre-tax profits around the £200,000 mark.

> Ironically Shanover's latest and potentially most exciting product-the Nestlewarm Ambi quilt-ls being launched at a

He explains: "We have been successful because our big competitors were inefficient and because at the beginning of 1980 the market was still expanding at the rate of about 20 per cent

per annum. The recession, however, and Mrs Thatcher's 10.5, for example, is pretty conomic experiment have standard; anything helow that forced big companies to allows the heat to escape more improve their productivity in quickly anything above it is the order to survive. What I would like to ask the present Government, which is rightly keen to encourage new firms, is what smaller companies in a major market should do once the compctition becomes leaner and fitter and starts hitting back." Shane, not surprisingly, has

his own answer to the question —for the moment at any rate—it is "technological innovation." The Nestlewarm Ambl, in particular, could only have been developed, he claims, with the

use of the highly sophisticated clectronic weighing equipment and computer testing facilities

apprehensive about the future. each stage of manufacture. The key to the Nestlewarm the trade as a "two tog" quilt. "Tog value" is what dis-

cerning shoppers look for to tell them how efficiently a quilt retains heat. A tog value of to allows the heat to escape more in quickly, anything above it is the uld sign of a quilt which is more heat-rententive. As such, the two tog idea is

not new but where Shane feels he has made a hreakthrough is la design. While other manufacturers either add an expensive chemical to provide the two different effects or join two separate quilts together, the Nestlewarm secret lies in a particular construction, filling weight and tension. At around £28 for a single-bed size It should be significantly cheaper than what is on offer from else-

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spread out or lie feathers together depending on which side is turned up. Where the difficulty lies is controlling the quality.

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synopsis is set out below. INTRODUCTION Small businesses have now been at the centre of attention in most Western countries for several years and there is no sign of this interest slackening. In the UK, as the recession has deepened, policies aimed at encouraging the creation and the growth of small businesses have been developed by the Government, financial institutions and large companies. But too much should not be expected of them in the short term. Abroad, countries like France, Canada and the

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9.10 The Brack Report.

8.00 Sorry. I'm A Stranger

8.30 The Morecambe and Wise

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9.00 Party Political Broadcast

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THE SMJELI

Queen's Bench Division (Admiralty Court): Mr Justice Sheen; April 24 1982

WHERE SHIPOWNERS delegate their duty to provide a seaworthy ship to a qualified subordinate, his negligence is not their "actual" fault or privity, and they are entitled to limit their liability by reference to the ship's tonnage; and if two of the owners' ships are involved in a damaging incident arising out of two separate causes of action, one in respect of each ship, the limit of liability will be calculated by reference to the tonnage of both ships.

Mr Justice Sheen so held when giving indement for the plain-tiffs, Shepway District Council. in an action in rem against the Smjeli, and the Transporter III, both of which were nwned by Brodospas of Yugoslavia, for damage caused by the two vessels to groynes owned by the council. Section 503 of the Merchant Shipping Act 1894, as amended by the Merchant Shipping (Liabillty of Shipowners and Others) Act 1958, provides: (i) "The owners of a ship...shall not, where...withnut their actual fault or privity...(d)...any loss or damage is caused to any property...through the act

omission of any person...in the navigation or management of the ship...be liable to damages beyond the following amounts ... (ii) ... (d) ... an aggregate not exceeding an amount equivalent to one thousand gold francs for each ton of their ship's tonnage."

HIS LORDSHIP said that the dumb barge, Transporter III and the tub, Smjeli, were both owned by a Yugoslav towing organisation. On December 27 1976 the owners entered into a contract for the towage of cargo from Rotterdam to Yugoslavia.

The cargo-owners instructed an expert to approve the towage connection. It was intended that a wire. called a "fuse wire." should be included, with a break-

RACING

BY DOMINIC WIGAN

WITH NO COLT of anything approaching the calibre of last year's Chester Vase hero, Shergar, in the line-up for today's second major Derby trial, the way should be clear for Zilos to record his third victory from six attempts.

A smart two-year-old, though one who bad his limitations on extremely fast ground exposed when be trailed home last of 11

ing strain less than that of the strain on the towing connection was too great, it would part in that short length of wire.

The expert approved the use of the fuse wire without taking steps to find out its breaking strain. He and the tug master ought to have known that the breaking strain used was less than normal good practice required.

Before the Smjeli and her tow left Rotterdam the tug master received a test certificate in respect of the fuse wire. That information should have told him that the breaking strain was not in accordance with proper practice. He was negligent in that respect.

The expert was required to issue a certificate approving the towage arrangements, and stating that departure from Rotterdam was taking place in fine weather. He was not willing to remain in Rotterdam until the weather improved sufficiently for him to certify that the tug and tow could safely depart. He signed certificate of approval leaving the space for the date blank, so that it could be filled in hy the tug master on the day of deoarture.

Such behaviour was a hreach nf good faith with the cargo owners who had employed the expert. The nwners approved the use ni whatever towage connection was recommended by him. hecause they relied on his ability. They also relied on his assurance that a suitable period of weather had set in for depar-

ture of the tug and tow. On January 13, 1977, Transporter III was being towed by the Smjeli in Yugoslavia. They had reached a position about seven miles east of Dungeness when the towing bawser parted. Transporter III was then driven by a southerly gale towards the ast of Kent. She grounded west of Folkestone Pier and caused damage to some groynes which were the property of the District

council The council claimed damages

be good enough to take his place in the Derby line-up judged on his recent run in the Guardian

More backward in appearance than any of his 10 opponents at Sandown, Zilos ran a highly credible race to finish fourth. six lengths behind England's one-time top Derby hope. Peacetime.

Certain to he all the better for his run on the Esher course where he found difficulty in going the pace in the early stages, Zilos should prove a different proposition nver an additional two furlongs at Chester. behind End Of The Line in the He is likely to find the lightly owner, Mr Abdulla, will be

in respect of the loss and owners, and that they were not main towing wire, so that if the damage. It issued a with in rem strain on the towing connection against each vessel. The owners admitted liability in so far as the damage was caused by the sole and exclusive negligence of

the tug master. They asserted that the liability arose without their "actual fault or privity," and that they were therefore entitled to limit their liability under section 503 of the Merchant Shipping Act 1894. They said that the limit of bla-bility was to be calculated by reference in Smjeli alone and was thus limited to £23,602, where as the council contended that if it were limited, it should be calculated by reference to

ssels, which would total £85,680.

Mr Steel for the council, however, submitted that the owners porter III, wheo she struck the were not entitled to limit their liability at all because damage was caused as a result of their actual fault. He said that it was the duty of the owners to send their tug and tow to sea in a seaworthy condition, and that that duty was non-delegable.

He relied on Standard Oil Company of New York v Clan

Line Steamers Limited [1924] AC, where Lord Haldsme said at page 112, that the owners' personal duty was in provide a seaworthy ship. . . That they left their duty to be discharged hy their servant or agent, therefore, did not relieve the owners of hlame."

It could not be right to say that if the owners' performance of the common law duty to use reasonable care to send their vessels to sea in a seaworthy condition was delegated to a properly qualified subordinate. any fault of that subordinate was to be treated as actual fault of the owners.

The owners were justified in placing reliance on the expert and on their experienced tug master, who had a test certificate for the wire.

Accordingly, it followed that the damage occurred without the actual fault or privity of the

troublesome opponent inside the

final furlong, Those who saw Peter Walwyn's Centrust win at Wolverhampton last month will be loth to oppose the colt in the Lily Agnes Stakes, Welldrawn at No two in a field uf Rooney's stablemate. Valerian (U.S.), handicapped by the outside draw over a course with the sharpest turns in the country—Centrust should complete the double.

There are few better bred three-year-olds in training than Gleeman. The chestnut colt's July Stakes, Zilos is going to raced Father Rooney his most more than pleased if his 350,000

Flumps. 2.00 You and Me. 2.15-2.35 For Schools, Colleges. 3.25 Weekend Wardrobe. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 The All New Popeye

BBC 1

6.40-7.55 am Open University

(Ultra High Frequency only). 9.05 For Schools, Colleges. 12.30 pm News After Noon. 1.00

Pebble Mill At One. 1.45 The

Show, 4.40 The Record Breakers.

5.05 John Craven's Newsrouod.

6.00 Regional News Magazines

6.50 Looking Good, Feeling

8.10 Flesh and Blood, starring

Fraser.
9.00 Party Political Broadcast

hy the Labour Party.

9.35 Play for Tomorrow: The

All IBA Regions as London

except at the following times:-

ANGLIA

BORDER

CENTRAL

CHANNEL

12.30 pm The Electric Theatre. 1.20 Channel Lunchtime News, What's On Where and Wasther. 3.45 Welcome Back Kotter, 5.20 Crossroads. 6.00 Channel Report. 6.30 Looks Femikar.

(S) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Three Men in A Boat, B.00 Simon Bates, 11.30 Oavo Lee Travis, 2.00 pm Steve Wright, 4.30 Peter Powell, T.00 Talkabout, B.00 Oavid Jansen, 10.00-12.00 John Peel

(when broadcast on VHF)

Fit: The show that helps you make the best of what you've got.

Thora Hird and Bill

Nuclear Family hy Tom

hosts a late-night show

with top stars from home

Terry Wogan

5.10 Rentaghost.

6.25 Nationwide.

7.15 Triangle.

McGrath,

10.40 Wogan:

7.40 OED.

5.40 News.

The first question to he asked in "tug and tow" cases was: what acts or omissions gave rise to liability? The second was: had a limit been set on the damages payable? One cause of action gave rise in one limited

liable in damages beyood the

limits prescribed by section 503

of the Act.

liability.

In the present case there was more than one distinct cause of action. The writ was a writ in rem against two ships. Two separate writs could have been issued, one against Transporter III, and the other against Smjeli. the aggregate tonnage of both The nwners were liable to the council on twn unconnected

> groynes. The council's cause of action against her arose out of negligent acts or omissions amounting to improper management, which occurred when the towage arrangements were made In Rotterdam. A claim for damages would have been successful if a servant of the barge-owners were guilty of those acts or omissions, regard less of whn owned the tug. There was no reason why their liability should be limited to a lesser sum hecause they also owned the tug. The amount calculated hy reference to the tonnage of the

> barge was £62,078. The council also bad a cause of action against Smiels. It was admitted that the tug master was negligent in his navigation of Smjell in allowing the fuse wire to part and in falling to seek shelter. For those acts their liability was limited to £23,602

> Judgment for the conocil for £85,680.
> For the council: David Steel QC and Charles Haddon-Cave (Sinclair, Roche and Temperly). For the owners: Gerald Darling QC and Geoffrey Kinley (Wm. A. Crump and Son).

Rachel Davles

guineas yearling purchase can gain his first win in the Grosvenor Stakes. Silver Buck has been voted National Hunt Horse of the Year in the Racegoers Club's annifal poll.

The press selection committee six - Which sees Father awarded 25 votes to the Tote Cheltenham Gold Cup winner with five votes going tn the Sun Grand National winner Grittar, and one to Richdee. CHESTER

2.15-Centrust ***

2.45—Petite Hester 3.15—Commonty 3.45—Zilos 4.15—Mumruffin* 4.45—Gleeman**

TELEVISION

Chris Dunkley: Tonight's Choice I cannot achieve quite the fashionable degree of frenzy in my pondering over whether Terry Wogan is going to be the new Michael Parkinson. One would bope not, since Parkinson

was a rather good journalist who was outstanding as the presenter of "Cinema" and then, on the Peter principle, was promoted to the show-business joh of chat-show host which he never quite mastered. Wogan started out with lightweight radio programmes

and has progressed to lightweight television programmes. I suspect that he could, if be chose, handle far more intelligent material and, who knows, his new eponymous series on BBC 1 might one day turn into a thinking man's Parkinson show, Not yet though. Tonight's opening edition of Wegan features Bruce Forsyth and Paula Yates.

That's preceded by Play For Tomorrow, a series which cannot, surely, consist exclusively of disasters though it has certainly managed a dolefully consistent record so far. Tonight's play, the first to be written for television by Tom McGrath, is get in 1999 and concerns "The nuclear family" headed by comedian Jlmmy Logan.

6.40-7.55 am Open University. 9.00-9.20 For Schools, Colleges. 11.06-11.25 Play School. 100 Snooker and Racing. 5.10 Stantonhury: A Blueprint

Analysed. †5.40 Buck Rogers. 6.00 Snooker.

and abroad. 11.13 News Headlines. 6.35 News Summary. 6.40 Broadway Musicals: "Kis-11.15 Harry O, starring David

7.00 Private Benjamin, 6.00 A Chance to Meet . . Jackus Stawart. 10.38 Channel Late Naws, 11.56 Cenger UXB. 12.50 am Commentaires et Pre-

GRAMPIAN

12.36 pm Gardening Time. 1.20 Angtia News. 3.45 Looka Fsmittel. 6.00 About Angtia. 6.36 Crossroads. 1.00 Gambit. 11.65 Quincy. 12.50 am e.30 oro First Thins. 12.30 pm Paint Along with Nancy. 1.20 North News. 3.45 Losks Femalier, 6.00 North Tenight, 8.35 Croseroede. 7.00 The Electric Theatre Show. 11.95 Spellbundero. 12.25 am North Headlines.

GRANADA

1.20 pm Bordai News, Femiliar, 5.16 Jengfea, around Tueeday, B.35 Cleaeroeda, 1.00 Enmedake Farm. 11.55 News 1.20 pm Graneda Raports. 1.30 Exchange Flags. 2.00 Crown Caurt. 2.30 Home Flant. 3.45 Looks Familiar. 5.16 Happy Oays. 6.00 This Is Your Right. 6.05 Circsarceda. 6.30 Graneda Reperts. 7.00 Emmerdala Fapm. 10.55 12.30 pm Tho Yeung Gectere. 1.20 Central News. 3.45 Leeks Familier. 6.15 Jengles. 6.00 Croseroeds. 8.25 Central News. 7.00 Emmerdale Ferm. 11.65 Central News. 12.00 Pro-

12.30 pm Peint Aleng with Nenty.
1.20 hTV News. 3.45 Looka Fermila.
4.15 Ask Oscarl 6.15 Gefeent Strokes.
6.00 hTV News. 6.35 Crossroads. 7,00
Emmerdala Ferm. 10.38 hTV News.
11.55 Potraut el a Legend—Singer
songwriter Paul Anks.
hTV Crimru/Wates—As hTV West

12.30 pm Gardening Timo. 1.20 Scottish News. 3.45 Looks Familiar. 5.10 Testime Teles. 5.20 Crossicede. 8.00 Scottand Today Iollowed by Jest. 6.30 What's Your Problem? Spet. 6.30 What's Your Problems T.00 Emmerdele Form. 11.55 Late Call. . TSW

HTV West at 10.55 pm).

8.30 Tup Gear.

9.55 Snooker.

10.45 Newspight

11.30-12.15 am Snooker.

12.30 pm Electric Theetre Show.
1.20 TSW Naws Headness. 3.45 Welcome Back, Kottel. 5.15 Gus Heney-ban's Megic Birthdays. 5.20 Crass-roads. 5.00 Today South West. 8.30 Locks Fernillar. 7.00 Private Benismin. 7.42 TSW Late News. 11.55 Oanger UXB. 12.50 am Postscript, 12.56 South Wasseler.

met." starring Howard

9.00 Party Political Broadcast hy the Labour Party.

9.10 Roy Clark Travelling Music Show.

except: 9.35-9.50 am Mwy Nar Ltf.:
11.39-11.54 Yn Eu Cynefin. 11.55
Cartoens. 12.00-12.10 pm Cer Cocoa.
4.15-4.45 Ar Ei Ol. B.00 Y Oydd. B.156.35 Report Wales. 10.55 Cefn Gwlad.
11.40-12.40 am The Homen Rece (as

SCOTTISH

TVS 1.20 pm TVS News. 3.45 Looka Families. S.16 Watch This Spece. . . Lemon of the Week, 5.30 Coast to

12.40 am Company.

TYNE TEES 6.25 am The Good West. 9.30 North East News, 1.20 pm North East News and Lockaround, 3.45 The Riordans, 4.15 Carteon Time, 5.15 Jangles, starring Hazol O'Connes, 6.00 North Esst News, 6.02 Creasizads, 6.25 Northein, 10.55 North Esst News, 11.55 Tho Two of 185 12.56 am in the Potture

ULSTER

1.20 pm Lanchamo. 3.45 Leeka Familiar, 4.13 Uhsiai Naws. 5.15 Lemen ei the Week. 6.20 Good Even-ing Uhsiai. 6.00 Good Evening Uhster. 6.25 Crossroads. T.00 Emmerdale Farm. 10.39 Uhster Weather. 11.55 News of Begtime.

YORKSHIRE

12.30 pm Looks Femilias. 1.20 Calendar Nows. 3.45 Calendar Tussdey. 6.15 Jenglas. 6.00 Calendar IEmley Meer and Belmont action). 6.35 Crossroads, 7.00 Emmerdale Farm. 11.55 Barney Miller.

RADIO

Strings (S), 2.00-5.00 You And The Night And The Music, (S).

RADIO 3

Oavid Janean, 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Meore (S), 7.30 Terry Wogen (S), 10.00 Harry Carpenter (S), 2.00 Ed Stewart (S) including racing from Chester, 4.00 Oavid Hamilton (S), 5.46 News; sport, 6.00 John Ouan (S), 8.00 The Golden Age of Hollywood, 9.00 Usten to the Band (S), 6.30 The Organist Entertains (S), 9.55 Sports Oesk, 10.00 The Arthur Askey Show, 11.00 Peter Clayton with Round Midnight, 1.00 am Encore with The Radio Orchestra, The Rig Band and The Results (S), 7.00 Crowded Hours:

Alastair Netherington in conversation Alastair Hetherington in cenversation with Sir Osvid Orr. chairman of Unilever. 7.45 BBC Menchester Mester Cencert, part 1: Berg (5). 8.05 The Living Poet; Jehn Ormond introduces a selection of his work. 8.25 B6C Manchester Mester Cencert, part 2: Mahler 15). 6.60 Bach 15). 10.00 Interpritations on Record (5), 11.00 News, 11.05-11.15 Rayel (5).

RADIO 4

. 6.00 am News Bristing, 6.10 Ferming Week, 5.25 Shipping Forecess, 8.30 Today, 8.43 Patrick Campbell's Columns read by Leo Maguire, 8.57 Weather, traval, 6.00 News, 6.05 Tuesday Call: 01-580 4411 (Nawspapers). 10.00 News. 10.02 From Our Own Correspondent. 10.30 Oxily Service, 10.45 Morning Story. 11.00 News.

11.03 Thirty-Minute Theatre. 11.33 Wildlife. 12.00 Naws. 12.02 pm Yeu And
Years. 12.27 Ostactive. 12.55 Weather,
travel. progremme news. 1.00 The
Wodd At Ons. 1.35 A Perry Political
Bloadcast by the Labour Party. 1.00
The Archers. 1.55 Shipping Forecast
2.00 Nows. 2.02 Women's Hour. 3.00
News. 3.02 Never Been Kissed in the
Same Place Twics. 4.00 Naws. 4.03
Reand Pagging. 4.10 Mestermind of
Gerdening 1892. 4.40 Story Time. 5.00
PM: News Magazine. 5.50 Shipping
Forecast. 5.55 Weather, programme
news. 6.00 News, including Finencial
Report. 8.30 Brain of Britain 1982 (SI.
7.00 News. 7.05 The Archers. 7.20
Medicins Naw. 7.50 File on 4, 3.20 The
Story-Teller: Hector Munro, better
known by his pen-neme—Saki, 6.05 in
Tsuch. 8.30 Kajeldescope. 6.59
Westher. 10.00 The World Tonight.
10.30 And So Ta Ned: Late-night, lighthearted conversellen with Ned
Shertin, 17.00 A Book Af Bedtime, 11.15 Sherrin, 17.00 A Book Af Bedtime, 11.15 The Financial World Tonight, 11.30 Today In Parliament, 12.00 News.

CONTRACTS AND TENDERS

The Ministry of Public Works Civil Engineering Department (ced) Mogadishu/Somali Democratic Republic

Invites tenders for delivery cif Mogodishu and assembly, if any, of below fisted equipment for the CEO workshep.

- -One two-flow shelf system for tools and epere parts.
 --One two-flow shelf system for tools and epere parts.
 --Parts stors handling oquipment (ledders, transporters, cebinets, etc.),
 --Three car and truck tyre meunting mechines.
 --Three battory chargers.
 --One exactrical column drilling machines.
 --One electrical column drilling machine.
 --Greasing and weeking staden equipment
 | steam closning unit, high-prossure water pump, weshing hoses, high-pressure grease pump, oil cabinets and hastallatien material).

Tender documents can be obtained from: DORSCH CONSULT Brauhausstieg 15 D-2000 Hamburg 70 West-Germany
Phone 68 23 86 Telex 2 13 672

up to May 3f et, 1982

Tondors' submittal to the CEO latest June 30th, 1982.
Payment through letter of credit of the Somali Central Bank, guerantoed by the Arab Fund for Economic and Social Development in Kuwsit.



CORPORACION NACIONAL DEL COBRE DE CHILE **DIVISION CHUQUICAMATA**

Railway Equipment for Sale

THE CORPORACION NACIONAL DEL COBRE DE CHILE (CODELCO-

24 DIESEL-ELECTRIC LOCOMOTIVES: Manufactured by General Motors: model SW - 1200; 1200 HP at sea level; main dimensions: 44' 5" long, 14' 6 - 1/2" high, 10" wide; estimated weight 248.000 lbs.; maximum speed 55 MPH; rail gauge 56 - 1/2"; general condition: operable; purchase date between 1956 and 1963.

4 ELECTRIC PUGHER LIICIMOTIVES

Manufactured by Beldwin Westinghouse; dimensions: 22" 7 - 1/2" long.

13" 8" high, 9" 9" wide; estimated weight 30 tons; maximum speed 32 MPH; raff gauge 56 - 1/2"; general condition: two in regular condition, operable, two in bad condition; purchase date: three purchased in 1827 and one in OTHER EQUIPMENT

Five Nordberg trackwelkers, two Feirmont patrols with two engaged cars each; two Fairmont Tie - Temping Machines and four Brown Heist electric

GENERAL SALES CONDITIONS

Most of the equipment for sale is in operable condition.

2.- Equipment can be seen in Chaquicamata, in the area of the former truction warehouse yard, 3.- Equipment will be exhibited from May 10th through June 10th 1982

from 1.00 to 5,00 P. M., mondays through fridays. 4.—The Chuquicamata Division will have personnel on hand to asswer questions from interested parties, on the equipment for sale. 5.—Parcial or package bids will be received only at the Sales Office in the

Contracts Department, house Nº 318, Chuquicamata, Chile, in seeled invelops and up to August 31st, 1982. REFUNDABLE DUARANTEE DEPOSIT REDUIRED; with the bid the interested party must enclose a refundable deposit covering 10 per cent of the proposed purchase price. Said deposit will be returned to the purchaser when in optional partnase price. Said deposit will be returned to the purchaser when the seles contract is signed, if purchase offer is turned down the deposit will be returned to the sender 30 days after closing date. The deposit check or money order will be made out to the name of "COOELCO—CHILE CHUQUICAMATA DIVISION".

NOTICE: CHUQUICAMATA DIVISION reserves the right to accept the offer desmed best with no further explanation. Also, CHUIIUICAMATA DIVISION may turn down one, several or all bids or negociate part of one bid without expresion of cause. No indemnization claim will be applicable by the bidders in any of these circumstances,

COMPANY NOTICES

AB ELECTROLI

The Amuel General Maeting of the company will be held on Thursday, May 27, 1982, at 10.00 c.m., at Skandinaviska Enskilda Bonkan, The Conference Room, Sergela Torg 2, Stockholm. **AGENDA**

AGENDA
Matters prascribed by the Swedish Companies Act end by the
Company's Articles of Association Including among others, presentation of the onnual report and accounts and the euditor's report and the concolidated accounts and the auditor's report on the group, rasolutions on adaption of the profit and loss statement and the consolidated profit and loss statement and the consolidated balance sheet, on apprepriation of the Company's profit according to the odopted balance sheet, on the Oirecter's and the Managing Oirector's discharge Iram Liability and election of Oirectore, Doputy Oirectora, Auditors and Osputy Auditors.

Auditors.

A proposel by the Board of Oirsctors to emend the first centence of article 6 of the articles of esseciation to mad as follows: "The Board of Oirectors of the Company chall consist of not less than five and not rough than fifteen members with not more than ten

ATTENDANCE AT THE MEETING

ATTENDANCE AT THE MEETING
Sharehelders wishing to attend the maeting sholl be registered in the share register maintaload by Voerdopapperecentral or VPC AB (Securities Register Centre) not lator than Menday, May 17, 1982. In addition, they shell notify the Company of thoir intention to altend the meeting not later than 4.00 p.m. on Monday, May 24, 1982, oither in writing to AB Electroliux, Oept. C-J. 6-105 45 Stockholm, Sweden, or by telepheno to +46 (6) 7385783 45 ri-46 (6) 7385783 and the shares are registered in the name of a naminee auch as the trust department of a bank or a stockbrsker, must temporarily have their shares registered in their ewn names at VPC not letter than May 17, 1982, to have the right to vote of the meeting. Shareholders may vote by proxy.

Provided the meeting resolves in accordance with the proposal of the Board of Directors, the dividend is estimated to be distributed by Veerdepapperscentralen VPC A8 on June 8, 1982.



FLEMING JAPAN FUND S.A.

Société Anonyme Luxembourg, 37, rue Notre-Dame

Notice of Meeting Notice is hereby given that the Annual General Meeting of the company will be held at the offices of Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg, on May 12th, 1982 at 3.00 p.m. with the following agenda:

Agenda Submission of the reports of the Board of Directors and of the Statutory 2 Approval of the financial statements for the year ended 31st December,

Approval of the payment of a dividend.

Approval of the Directors and of the Statutory Auditors in respect of their duties carried out for the year ended 31st December, 1981.

Ratification of the co-options of Directors.

Receipt of and action on nomination for election of Directors and of the Statutory Auditors for a new statutory term. Miscellaneous business as may properly come before the Meeting.

Shareholders are advised that there is on quorum requirement and the resolutions will be passed at the simple majority of the shares present or represented at the Meeting. A member entitled to attend and vote at the above Meeting may appoint oxy to attend and vote on his behalf and such proxy need not be a member. In order to take part at the Meeting the owners of bearer shares have to deposit their share certificates five clear days before the Meeting at the registered office of the Fund or at a bank.

The Board of Directors

CLUBS

HANOVARIAN, NIGHTCLUS & RES. C. Hanover Street, W1. Where today's businessins can enjoy an exciting & relaxing evening. Charming & discreet dancing partners available nightly 9 pm-3 am. Recommended to ring for res. on 406 0269.

ART GALLERIES THE PARKER GALLERY, 2. Albemaria St., Piccadilly. W1. Exhibition of Dig Marine,

Piccadility. W1. Exhibition of Dist Marine, Military and Sporting and Typegraphic Philips and Pictings of Shies Medels. William DRIMMOND. Covers Gorden Gallery. 20, Russell St. W22, 836, 1159. UnO! May 7th ARTHUR FREDERICK PAYNE. Watercologys is the GriUch Islee and France. 1845-1880. Oly. 10-5.30. Thurs. 7, Set. 10-12,30.

ABN Bank

FINAL DIVIDEND FOR THE YEAR 1981 At the Annual General Meeting held on 29th April, 1982, a final dividend of Dis 13.- per share was declared payable, at the option of the shareholders, in share and cash or wholly in cash, as from 12th May, 1982.

Algemene Bank Nederland N.V., 61, Threadneedle Street, London, EC2P 2HH,

INTERNATIONAL FINANCE N.V. T% EUA 12,000,000 1989:1984 T% EUA 12,000,000 1989:1984
Holdars of the above mentioned bonds are hereby informed that the 13th annual instalment of EUA 1,000,000 dae 13th Jane, 1982 has been effected by diswing by let an April 13, 1982, in the prosence of a notary public. The band numbers so drawn srecomprised betwoon No. 1 locksive and No. 1010, inclusive and No. 1010, inclusive and No. 1010, inclusive and No. 1010, inclusive and No. 11448 inclusive and 12000 inclusive taking into consideration the bonds previously repurchased or referended.

The bonds shall be redeemable at ear on or after 13th Jane, 1982 at the offices of the paying agents set forth in the prospectus and the conditions of the bonds.

The amount remaining outstanding after 13th June, 1982 will be EUA 2,000,000.

Bond numbers drawn by lot in 1979, 1880 and 1981 and not vet presented for payment:

BANQUE INTERNATIONALE A LUXEMBOURG Société Anonyme

4th May, 1982

AMOCO (U.K.) **EXPLORATION** COMPANY

Copies of the Financial Statements for 1981 are now available and may be obtained from: The Assistant Secretary

> Amoco (U.K.) Exploration Company I Stephen Street Tottenham Court Road London WIP 1PJ

Shareholders opting for the shares and cash alternative would be entitled to a share premium bouts in the amount of one new ordinary share for every existing 40 ordinary shares for every existing 40 ordinary shares together with D85 7.50 in cash against wresentation of coupons 54 and 53. They will receive one additional ordinary share of 0fs 100- for every 40 coupons no. 54 from the ordinary shares of coupons so. 54 from certificates of 10 ordinary shares presented at the following offices:

Baring Brothers & Co., Ltd., 8. Bishopspate. London, ECZN 4AE. Algemene Bank Nederland N.V., 81, King Street. Manchaster, M2 4PD.

New share certificates may be distributed in the form of CF-certificates or as K-certificates with coupons no. 55 and following and talon attached.

Stock options not exercised by 31st Aagast, 1982, will be sold and the breeeds held for distribution to holders of coupons no. 54 not presented for payment by that date.

Shareholders opting for cash will be entitled to cash payments of 08s 7.50 and Dils 5.50 per share against coapons 53 and 54, respectively.

U.K. rasidents who are lisble to U.K. faxes on dividends paid to them not who do not carry on 5 trade or besiness in The Netherlands through a Permsner astablishment situated therein, may have Netherlands dividend tax reduced from 25 pct. to 15 pct. If the coupons are accompased by a completed form 82VK, which may be obtained at any one of the above mentioned offices.

Tabb and 1931 and not ver presented to payment: 1936; 10146-10148; 10999; 11028; 11202; 11261; 11265-11271. 4899-4600; 4890-4692; 5151-5157; 5202; 5225-5226; 5228-52506; 5322-5235; 5346-5350; 5352-5356; 5394: 5407-5412; 5434-5435; 5437-5462; 5465-5474; 5480-5481; 5492; 5486-5500; 5504-5513; 5371-5800; 5504-5513; 5371-5800; 5504-5513; 5371-5800; 5504-5505; 5714-5715; 5736-5739; 5610-5811; 5878-5879; 5904-5905; 9493-9497; 9507; 11373; 11442, 5480-5480; 5480-54

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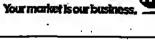
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THE ARTS

Birmingham Town Hall

Joubert/Beethoven

by MARTIN DREYER

when he accepted a Feeney symphony. Gong-Tormented Sea. Joubert's Opus 96 and also his third sympbony, was launched on Thursday by the City of Birmingham Symphony Symphony Orchestra and its equally adventurous chorus, navigated with disciplined vigour by

Nicholas Cleobury. Not that its narrows are tonally treacherous. Its three movements sail continuously for nearly 40 minutes and culminate in a stunning setting of Yeats' Byzantium, whose last line supplies the title. Here, a fragment of Byzantine chani floats high in the violins over ever-quickening pizzicato undercurrents, vividly supplemented by surging voices. As baritone protagonist, Norman Bailey was submerged too often for comfort. Alone in the second movement, Roy Camphell's "Rounding the Cape," he gave a useful portrayai of a world-weary old salt, but be was musically wayward, and the voiced lacked a thusiasm,

Jouhert's orchestra is shame- whal had gone before.

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The topical irony of a pro- lessly programmatic at the tracted voyage to Byzantium, start - murky strings, basswhere ideologies clash, a clarinet-foghorn, brassy wavevoyage, furthermore, clouded figures — and no less appealing by meteorological uncertainty.

The some whitman sea-doggerel, could hardly have been upper- complete with gratuitous choral most in John Joubert's thinking, high Cs, seemed superfluous to the creation of nautical atmo-Trust commission for a choral sphere. Nevertheless. Gong-Tormented Sea stands firmly in the best Vaughan Williams/ Walton oratorio tradition. Roll over, Belshazzar.

Erich Schmid took the helm for a relentlessly hard-driven reading of Beethoven's Ninth, in which the CBSO Chorus was augmented by the City of Birmingham choir. Schmid seemed bent on expunging all traces of soft-bellled romanticism from the score. His early over-anxiety resulted in palpable nervous tension omong his woodwinds and fragility in the horns. But his strings maintained ro-hust, straight-toned composure. The result, though intermittently exciting, was poorly balanced: attention to detail succumbed to the heat of the moment. The solo quartel's tuning, despite Alison Hargan's resolute soprano, similarly wilted under duress. But the combined choirs responded with musculst, clear-toned compensaling for much of the ruthlessness of

St. John's, Smith Square

Telemann

by ANDREW CLEMENTS

One of the sharper ironies of longer poem London concert-going is that there is always a far bigger audience for haroque novelties than could ever be attracted to a new contemporary work. St John's was comfortably full on Sunday evening for the first public performance in Britain of Telemann's Die Tageszeiten. Even taking account of Vivaldi's Four Seasons in the second half of the programme, the turnout was impressive and enthu-

The concert was given by the Raglan Baroque Players, conducted by Nicholas Kraemer. Their account of Die Tageszeiten, on period instruments, convinced one that, while the work was not an overlooked masterpiece, it hardly deserved total neglect. There is a fair quota of effortless melody and deftly turned scoring, and its composition in 1757 was part that characterised the final decade of Telemann's life. It is a captata for four soloists and a short chorus and the whole

The text is taken from a with pianos at concert pitch?

longer poem by Wilhelm Friedrich Zachariae and each of its four sections dipicts a different time of day-morning, noon, evening and night. Telemann uses different obbligato instruments to characterise each section — trumpet with the soprano soloist for the first, viola da gamba with the mezzo soprano for the second, then two flutes with tenor, and recorder and bassoon with the baritone for the final night music.

The Raglan Players' premiere might have been judiciously pruned, for though some of the da copo arias introduced delightful variants in their reprises, the amount of repetition is high. Kraemer favoured light textures and more robust-ness would have been welcomed at time though the chorus. the London Oratory Choir and composition in 1757 was part Junior Choir, had a healthy of the great burst of creativity edge to its sound. The soloists that characterised the final —Gillian Sullivan, Susan Tyrell, Rowland Sidwell and Richard Belgrade, Coventry chorus which lasts around an successful, though more than hour, but in structure it is a one of them bad problems of series of four solo contatas laid intonation. Could the lower pitch of an "authentic" performance cause difficulties for prefaced by a brief three-part singers who have previously Sinfonia.

Shaw at the Haymarket

tory season, will open on June weeks as he is having an emer-10. Lady Cicely Waynflete is gency spinal operation. Thereplayed by Penelope Keith. John fore Hobson's Choice, which Turner is Caplain Brassbound returned to the repertoire on and Michael Denison Is Sir April 15, will run to May 29. Howard Hallam. The play is A Coat of Vornish returns on directed by Frank Hauser, June 24. designed by Nicolas Georgiadis, with costumes by Robin Fraser-Paye. Other members of the company are John Grieve. David Collings and Jonathan

was originally written for Ellen
Terry who played it in 1906, and the role was last played in London by Ingrid Bergman.

On a long-term toan. The works, entitled Two Pieces Reclining Figure Numbers 5— and Upright Mntives Numbers 1, 2 and 7, are sited by the entrance of the Peter Barkworth, currently Tate.

THEATRES

Shaw's Captain Brassbound's starring in A Coat of Varnish Conversion, the third play in by Ronald Millar, will be away the Haymarket Theatre reperfrom the production for six

Moore sculptures offered to GLC

David Collings and Jonathan

Coy.

Capitain Brassbound's Contersion is set in Morocco. The part of Lady Cicely Waynfiete part of Lady Cicely Waynfiete contension in a contens

London galleries

May mixture

by WILLIAM PACKER

in London's galleries, that in present circumstances to cast an eye over even the best of them, and comparative surveillance. can never be anything more than a fond and pious hope.

Add to them the treats to be had in the country at large, and obroad, that should he seen os well, if only 10 save us from sueb desperate paruehialism, and the bare statement of the problem is argument enough.

Certain major items do loom ahead, the Royal Academy Summer Show for example, and the full treatment for Graham Sutherland at the Tate, which can bardly be ignored; but in the meantime there is so much else, of all kinds. Among the most notable is a timely and substantial study of the work of Mark Gertler that the Bon Uri Gallery in Deon Street has organised (until May 27).

It is especially useful in that Certier's name has become current once more in the train of the revivified and flourishing Bloomshury industry of recent years, with its admirable and necessary reassessments of the major literary reputations, and its perhaps more dubious, though highly enjoyable exercises in personal biography.

As is the way with such affairs, the peripheral figures are inclined to be esst as ornaments to the serious business, all the more so if they happen to be painters, with the qualities of their work, and thus their reputations, assumed rather than actually considered. The handsome and unhappy Gertler, and the fascinating and as unhappy Carrington, are principals in a well-documented and eventually tragic tale which has everything to do with love hope, frustration, infidelity, tuberculosis, homosexuality and at last, and at a

remove, suicide for them both;

and though the image of the

great but unsung talent fits in

very well, it bas rather less to

do with sober practice and acbievement. There has been little study of Gertler's work in the 40 odd years since his death, and nothing at all in a gallery apart from a handful of pictures bere sub-title of "The early and the late years," and indeed the comparative device serves well

It bas always to be remem-

bered that this is a serious play.

as serious as its contemporary The Second Mrs Tonqueray. The

jokes are there like the Grave-

digger's jokes in Hamlet, to

make sure the audience is pay-ing attention. They are almost all jokes about the frivolity of

Society, and no doubt Wilde wanted to remind Society how

frivolous it was so that, having

done so, he could draw their

attention lo the position of deserted women and illegitimate

Now that there is so little frivolous Society in the stalls,

the jokes must rely on their own

merit, and in a way it seemed to me a good thing that in this pro-duction, directed by Michael

Boyd, they were unconvincingly

spoken while the earnest events

following Mrs Arbuthnot's revel-

ation to Gerald that he is Lord

Illingworth's hastard son are played more intensely. In the

first act John Dicks suggested

that Illingworth, with his silver-grey tie and waistcoat under his

children.

There are always loo many at the Slade around 1910, and things to see, indeed lou many his carly connections with the so very much wurth the seeing New English Arl Club through to his full immersion in the Bloomsbury pool during the Greal War: pacifism, Lyttoo let alone to sustain any diligent Strachey and all that Garsington could offer; and so on lo Paris in the early 1920s. There is then a break and then we pick up again to follow him throughout the '30s, from his move to Hampstead, his marriage, his succession of failures in the West End, his recurrent illness, to his death In the high summer of 1939.

The early work is by far the hest of it, truly full of promise for all its idiosynerasy; but that very trait may have been its inherent, fatal weekness A young, energetic, most personable young man at the heart of the ort world and receptive to every influence, we see him working now for all the world like Augustus John, now not at all unlike Wison Steer, now a curiously whole-hearted composite of his Vorticiot contemporaries at the Slade, his large and splendid Merry-Go-Round of 1916 out of Roberts perhaps, by Bomberg, Nevinson, Lewis. It is a fine thing ceriainly, but not altogethr convincingly his own.

There we have it: a number of fine things, the Tate's portrait of his Mother for example, or artists, the well-known with the were insisted upon its own the later Coster Woman in her feathered hat, beautifully drawn easy to see how convincing he Fisher. subsequent failure must have His later paintlogs are extra-

truly tragic, unenviable figure. There is no space to do more them. No doubt I shall be than recommend a few other seduced again, for I am

We follow him from his time ings and paioting by some 40 well that work itself has as 11 oddly disturbing things.

stables, but in his last encounter

with Mrs Arbuthnot he might

just be a man of hirth and

Lady Hunstanton's guests gave the jokes an almost operatic pointing, the bumours

emphasised as if they were

being delivered lo a Borough Council meeting. The old in the audience laughed when they

recognised one; the young found it hard to recognise a

joke at all. I long to hear these

lines thrown off as if they were

written by Alan Ayckhourn. Only Vivienne Dixon as Mrs

Allonhy and Charmian Eyre as

Lady Hunstanton got much out

of them. As for poor Hester.

touchline by the heartless Mr

education.

A Woman of No Importance by B. A. YOUNG

kept mercilessly wsiting on the own show. A Star Is Torn, at

done with her. Ros Simmons does what there is.

Heather Canning's Mrs Arbuthnol suggests Minerva, tall and golden-haired, laying Smith, Helen Morgan, Judy



obscure tuntil June 51. All were asked for a portrait

and made and evincing manifest of some kind, and among the talent, but nothing to confirm best are a recent painting by it or establish it as something. Maggi Hambling, a lovely small rather more, a consistent and study by Peter Greenham, and substantial achievement. It is a large drawing by Sandra The invitation has must have secued to so many in also flushed out some real those early days, and equally curiosities in the early work of easy to understand how artists now known for rather desperate his sense of his own different things, most particularly a splendid portrait of his Father by John Hoyland.

Angela Flowers is showing ordinary, flailing exercises in some choice examples from the pastiche, but not in any knowing Kobol Collection of Hollywood or cynical way. Rather more Studio Portraits of the 1930s polgnant lhan that, they suggest and 1940s tuntil May 15), the a repealed and despairing effort work of Hurrell, Bull, Willioger to calch the secret sympathetic and others, and it is by no ally of someone else's authentic means the first time these vision: Picasso's, Matisse's, seductive creatures, Garbo, Modlgllanl's, Cézanne's. Inevit- Dietriech, Harlow and the rest, ably they are failures, and have returned to haunt us in Gertler stands revealed as a this form, nor the first 11me I have fell moved to mention and there for more than a shows, that perhaps I can extremely susceptible and why decade. This show carries the return to another time. The not. It is remarkable and Anne Berthoud Gallery, which encouraging that what was once goodness knows is tiny enough, considered nothing more than is now crammed with a most mundane and expedient back entertaining collection of draw-- work should have been done so

cvenlog tails (and he has the cheek lo criticise Gerald's neck-wearl) was straight from the Newall has to okip about the sel white garden furnilure for the

like a mountain goat, charging at Illingworth when he bas "insulted" Hester, but saving

nothing to Kelvil, MP t Richard

Corderyl for smoking his pipe among the ladies. His affections

don't show much beyond the

words. Incidentally, he has

what must be the world's

earliest fouotain-pen.
Trudy Marklew's curious

Wilde, there's not much to be Easl. The show celebrates the Archer has completed a

permanent set has a 10-foot- hill all the way?

Olympus. As her son, James taining Lady Hunstanton's Newall has to okip about the sel white garden furnilure for the

Robyn Archer returns to London

The Australian actress and Gartand, Billie Hotiday, Edith

Janis Jopbn.

Sinfonietta.

singer, Robyn Archer, returns Piaf. Marilyn Monroe. Patsy

to London on June 1 in her Cline, Dinah Woshiogton and

the Theatre Royal. Stratford in The Pock of Women. Rohyn!

In the past I have written at

some length on the work of both Allen Jones and Hamish Fulton, who together now vauooo 1he Waddington Galleries with their recent work (until May 22), so a hare mention here should not he read as indifference. Junes is showing a large

group of new lithographs and these in any case seem to close off his preoccupation with the audience and the stage; and since his watercolours, splendld though the best of the larger ones are, do not really go beyond a declaration of intent, this is perhaps simply a show to see and mark,

The Fullon's are rather different a case, for his work is never less than definitive, and these are as accomplished and considered as ever; and yet the work, if it develops at all, does so by the nicest, the subtlest of slages. A large, single photograph of the remote and desert landscape, and a lext, disarm-ingly simple and direct, subscribed, and that is all we are given, an amblguous, teasing and Ironical conjunction. They are very beauliful, suggestive and

first balf of the evening and

Mrs Arbuthnot's pretty English

home, covered in dark brown

cloth, in the second. (Lady Hunstanlon's admiration for this counded a hit ironical.)

Most entrances are made down

a flight of broad steps that lead

to Lady Hunstanton's drawing-

room all right, but afterwards where? Does the road wind up-

Since ber last visit to London

national concert tour in Austra-

lia and released an album of

Brecht songs on which she is

accompanied by the London

Half Moon

W.C.P.C. by B. A. YOUNG

play were fictional. As all but

one of them are bomosexual,

and all but one of them (not the

same one) are policemen, the

lawyers' advice was probably

The one who is not homo-sexual (or "queer," as appar-

PC Simon, what they call a

good-looking lad, resolutely

plsyed by the good-looking Phil

Suceeton. After on initial inter-

view with Chief Inspector

Feaver (Leonard Fenton) he is

posted to ISQ, a secret branch dedicated to clearing the country of vice. On duty at the

locsl public lavatory, the first person he detects in Indecent

behaviour is committing it with

his own Sergeont Harris t Bill

Simon rightly takes the

matter up with the Chief Super-

intendent, but he makes no pro-

gress, for the Chief Superinlen-

dent is queer too. There is

always a nish higher up, though

-Commander Westwich, in charge of the whole shoot. It

doesn't take long to discover

that the Commander (Robert

Stephens) is as queer as any

of them. In spite of all temota-

Stewart).

Nigel Williams has added a that is to expose the whole lot verse epilogue at the end of his of them. With such powerful forces against him, he is not new play. "I didn't want to likely lo get away with that, read this," Robert Stepheos and he is duly set up for an said, baving done so. "It was arrest in the loilet with a welljust to please our lawyers." The known television player. burden of the epilogue wss that all the chsracters in the From this point on the play comes off the rails, for Mr Wil-

liams, unable or unwilling to devise a reasonable conclusion. takes refuge in farce. There is a drag party where Simon and his colleague PC Jamieson (Derek Thompson) both turn up dressed as brides. Westwich, confronted by a tape which ently they still say in the Simon made as he prompted Force) is the new constable him lo say something improper. Simon made as he prompted sentences the whole squad to 24 hours' confinement to the

Closet, which Simon is to guard.

Of course the wicked cops

come out on lop, though not before audiences will have hod the pleasure of seeing Mr Smeeton take all his elothes off. But only twice in the evening is anything serious said about the possibility of queer police colluding with their victims. Clem Breen, the television actor (William Hoyland), had some sensible things to say about the relationship of sex and love; and the Commander. echoing the reactions at the Wilde case, oayo " if we all went about advertising it, what would become of order?" For the rest of the evening, we sre mostly dickering about among the gay jokes of the aist halfcentury.

But al sny rate it is beautifully scied all through under tions to belong to other aberralions, Simon decides that there'o Pam Brighton's direction, and the sudience loved it. only one thing he can do, and

Covent Garden

Rite and Giselle

by CLEMENT CRISP.

end brought Judith Howe as a Chosen Maiden new to the agonies and ecstasies of Rite's immolatory dance; Anthony Dowell returning as hero of Shodowploy; and a revival of Giselle, Miss Howe bas the heart of the malter in her. She cannot yet, naturally enough, rival the cumulative dynamics of Monica Mason's tremendous interpretation-study in physical pacing and stamina as well as in stripped-to-the-bone dramaticsbut she has the technical capabllity and a feeling for the role's hieratic outlines, its totemic boldnes, which are clear and convincing. She seems at ease with the sophisticated rhythms of the solo, every muscular response sharp and true, and she catches very well the girl's first frisson of terror woen the falal choice has been made; it is an interpretation vivid valid, which we must be allowed lo see again.

To see Anthony Dowell seated again beneath the banyan in Michael Annal's set is no less yivid, and still compelling 1a years after the role was made for him. The youthfulness is slill there, but shown with far greater art. There is no loss of an essential innocence—though the ballet is about exactly that -and magnificent gains in oubtlety of playing and in the way in which Mr Dowell manages the boy's confusion and unease as he undergoes homosexual and heterosexual assault. Nowadays Shadowproy looks thin, and constrained by its

score: yet certain scenes—the baltle with the female, the grandly slill ending — are potent and while Mr Dowell wants to dance it, and while Merle Park continues to appear as the Kali-celestial, it justifies its place in the repertory. These are superb performances.

the triple hill; needs no reperits social insights. I would

Performances at the week's venture lo suggest that Markova and Dolin be invited to coach the Royal artists in a ballet which these great dancers knew well with Diaghilev snd with their own company. ----

There is an "apostolic succession" in halletic interpretation, a bandling on of nuance and stylistic properties, let alone of cboreographic exactness, which Covent Garden seems ea eschew, to its own loss and to the impoverishment o fits dancers.

The absence of this continuity is nowhere more apparent than in the company's enfeebled and. to my eyes, unworthy staging of Giselle, which was revived on Saturday. Karsavina called It "a holy ballet;" the Royal Ballet evidently views its first act as an operetia to be played with a grinning rictus of false charm. ln costuming ludlerous and

vulgar. Merle Park was the Giselle. giving an interpretation of determined brightness in the opening passages, but gaining in stature so that the mad-scene had obary nervous force; David Wall, the Albrecht, and Stephen Jefferies, the Hilarion, are such powerful dramatic players thal the conflict between them wins most of the bonours of the

evening. The corps de ballet, rid of their sickly first act frocks, are models of uniformity, as wills, but the first act demands to be re-designed, and something of Karsavina's "holiness" (and Markova and Dolin's poetry) must be inotilled into the production.

Loughran to leave Halle

James Loughran is to give up his job as principal conductor and musical advisor of the Halle These are superh performances. Orchestra at the end of the Les Biches, which completes 1982/83 season. He has been with the orchestra for 12 years tory justification; instead, it and has taken the decision in cries out for subtlety and lightness of touch, and respect for conduct other orchestras and

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. ACROSS 1 and 6 across Finalist came in staggering—we report it (9, 5)

9 Let down one of Gray's winders (5) 10 Very loud cap for going off

—as golfing characters display (3-6) 11 Glen's blue period? (10)

12 Chamber for Othello's retirement (4) 14 Strong-armed sailor died delirious (3-4)

15 Chap on cocaine—abominable creature! (7) 17 Cut short the dog-end (7)

20 Day-rept for insipid type (4) 22 Yard showing most superior

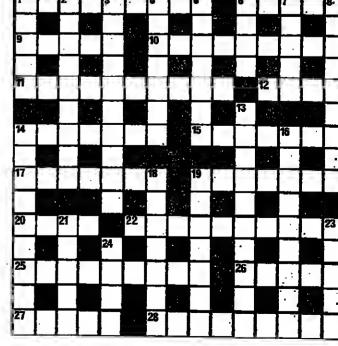
bitterness to worker (3-7) 25 He has three sheets in the wind (in reference-books, . merry) (9)

26 Flower of the asphodel items 27 Ordinary people going round Italy (5)

(9)

28 Bandages, etc. put on beds? DOWN

1 Polished field-work (5)



Sprat ? (10)

4 Perhaps find use for what is 18 Wrongly paroled, one is brewed (7) spotted (7)

tary force (7) 8 Skip the journey (4)

7 Island atlempt to produce fruit (5) 8 Preserve wealth - possibly

out of salary (4-5) 13 Perhaps do role in G & Spersons only (4-5)

3 Plant manager such as Jack 16 Timeless reflection coming between (9)

5 Leg-frons not right in mili. 19 Someone was willing to give him something (7) 21 British early risers facing 5?

23 Lachrymal-sounding rows 24 Carrier of tea-things sounds very French (4)

The solution to last Saturday's

this one? (10) prize puzzle will be published 2 Fresh spring for each, daily? 14 Harsh punishment for named . with .names .of .winners next

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 48Y Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Tuesday May 4 1982

Measured escalation

THE RATIONALE for British terised by measured escalation: policy towards the Falklands first the despatch of the subever since the crisis broke out marines and the declaration of a month ago bas been a com-binstion of diplomatic, economic and military pressures designed to persuade Argentina to with-others still on their way. This draw from the islands and then principle of gradually increased

seek a negotiated solution.

The economic pressures were intensified last Friday when the U.S. publicly came off the ferce and joined in economic sanctions. The search for a diplomatic outcome can be said to have been kept up by the visit of Mr Francis Pym, the Foreign Secretary, to the United Nations. But in the last few days it has been the military approach that has come to the

The engagements so far have been limited. Neither side has committed anything like all its available forces to hattle. Yet the British bave homharded the airport at Port Stanley and there has been a readiness to shoot both at sea and in the air which suggests that wider hostilities could be very near.

Blockade

At the same time, it can hardly he argued that any of pressures exerted on Argentina to date have had much effect. There is very little Islands on conditions remotely acceptable to Britain.

The military option thus looms ever larger. Mr James Callaghan, the former Prime Minister, sald in the House of Commons last week that Britain had the capability for a choice between a blockade of the Falk-·lands and an invasion and came dnwn in favour of the former, largely on the grounds that it

would risk fewer lives.

By now the blockade is already in force and is not being effectively challenged. The Falklands are to all intents vironment of the South Atlantic such a policy cannot be continued indefinitely. The task force cannot go on saling and purposes cut off from Argentina But in the hostile en-- task force cannot go on sailing round the islands for months

policy so far has been charac- developments.

response should not be lightly ahandoned. It is at work now in the attacks on Argentina's ships in the area and it may bave some way to go before it comes to full-scale assault.

We no longer doubt, however, that the assault may be neces-sary. We hope that there may be a few more days of steadily mounting military pressure in which there could be a change of mind or a change of regime in Buenos Aires. But there is

little ground for optimism. Quite soon the military com-manders may advise that the invasion of the islands is feasible without great loss of life, Under those circumstaces we would support such a decision, though the military advice will have to he constantly weighed against the political risks.

In the meantime, it is im-portant that the political objec-tive is kept in mind. The search for a diplomatic solution will sign from Buenos Aires either have to be resumed whatever of a desire to resume negotiations or to withdraw from the conflict. The Government therefore needs to make it clearer than it bas done so far tbat it would have no objection to going to the International Court of Justice, nor to any of the other solutions, such as UN trusteeship, which would lead to a diminution of British sovereignty over the islands. It is essential to maintain as much international and domestic support as possible for what is

As for Mr Michael Foot, the the Commons. Besides, we trust that the Prime Minister will keep the House and the country The military side of British fully informed of all latest

Over-capacity in EEC steel

IT WOULD be easy for the ten EEC Industry Ministers who meet in Brussels today to look no further than the steel regime proposals that will be placed before them hy the European Commission. But it would also be short-sighted.

On paper, the Commission demands lock important enough to warrant the attention of the EEC Council of Ministers. In practice, though, they are largely procedural stuff which the idea that the code of rules should not eclipse much on subsidies to steelmakers-weightier and more difficult agreed last year by the Ten decisions urgently needed if after protracted wrangling-Europe's steel industry is ever may become vulnerable which to recover from what is now eight years of wasting disease.

Disciplines

The renewal for 18 mooths from end-June of the EEC steel production and prices regime, together with modifications to the mandatory and voluntary controls it consists of, is not an end in itself. First imposed on Europe's steel producers in the autumn of 1980 to halt a designed to be an orderly method of restructuring the steel industry.

The EEC disciplines limiting output and sustaining prices are intended as a shelter to help the hard-hit steelmakers while they undertake major capacity cuts. It has, admittedly, been a rather leaky shelter, for such is the seriously depressed state of the steel industry that, in spite of the regime's benefits, the major Europan producers last year suffered a collective loss estimated at about \$2bn.

But that does not mean that determined closures of steel plants should not go ahead. If aoything, it emphasises the urgent need to reduce an over-

capacity
The European Commission's declared target is that steel's surplus capacity should be reduced to no more than 15 per cent. As the EEC's steel output is now running at around 125m tonnes a year on installed capacity calculated by Brussels at just over 200m tonnes, there is a long way to go. Not long ago, the Commission revealed that by 1984 the industry's restructuring effort's will have cut that figure to 197m tonnes. continuing cost of the present By the end of the following degree of overcapacity which year, 1985. EEC governments should determine the course of are pledged lo halt bail-out today's ministerial meetings. It funding and state aids to their steelmakers. So the result could be that unless the industry hurrically ambarks on a the details of the steel regime genuinely radical restructuriog being discussed today - let programme all but the fittest alone tackle the underlying steelmakers will expire in a problem.

severe industrial shake-out in the mid-80s. This is the dramatic threat which should. at any rate, remain uppermost Predicting the steel industry's collapse on the basis of the col-

lision course hetween sus-

over-capacity and the phase-out of subsidics risks ignoring the "political flexibilities" that EEC governments may opt for in coming years. And it is now most worries Whitehall. Britain has since 1979 sacrficed 40 per cent of the country's jobs io the cause of restructuring, and is increas-ingly concerned that its EEC partnes rmay, through some future political finagling, escape

The absence of more radical proposals from the agenda of today's council meeting may reflect the difficult position of Belgium, the current president of the Council of Ministers. The Belgian Government is under particular pressure from the European Commission to hold down steel making capacity. It also finds it particularly difficult to comply: only recently Belgian steclworkers were rioting on the streets of Brussels.

Collapse

that social cost.

To British eyes, though, the fact that Belgium has so far shed only 7 per cent of its steel jobs is a major irritant. And France's loss of only 25 per cent of steel employment in recent years is made no more palatable to the UK by last week's news from Paris. This revealed that under the new French restructuring plan for 1986 will see output at 20m-24m tonnes and by 1990 the figures will be 19m-25m tonnes. As France's 1981 production was 21m tonnes, these figures suggest that France, too, is clinging to the idea that a return to the good times for steel may be just around the corner.

It is both the potential collapse of European steelmaking in the coming years and the continuing cost of the present is disturbing that a further Council on June 8 may well be needed to reach agreement on

66 WE HAVE got them back at the cost of Argentina's blood." The message shouts out of huodreds of thousands, perhaps millions, of posters stuck in houses, shops and offices up and down Argentina. The poster shows the outline map of the Falkland Islands

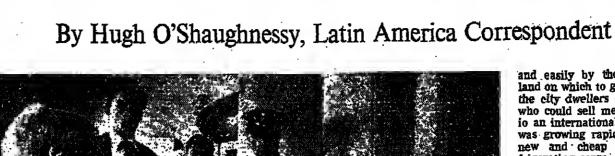
coloured at last in the blue, white and blue of the Argentine Republic. Like the advertisements in the Press and on television and virtually all com-ments in the media, it drives home incessantly the point that "the Malvinas" have been reclaimed by the nation in an operation which for Argentina is the modern equivalent of the Quest for the Holy Grail.

The Grail having been re-possessed—800 miles out in the South Atlantic—there can he no giving up. no compromise, no backstairs diplomatic sell-out. The temper of the majority of Argentines can well be summed up in the latest number of the ultra Right-wing and ultra nationalist monthly. Cahildo. Its cover shows a military parade and mass demoustration in favour of the invasion of the "Taylor of the invasion of the Falklands with the caption:
"Towards the Restoration of Greater Argentina."

Inside, the cditorial says:

"The word of command of the moment, the only word of com-mand is: intransigence. Argentina. Argentina, the Argentine nation, cannot give up anything, cannot give up the tiniest bit of what it bas gained for ever. For to give up is to give in. Give in not only to the English, but also to the ghosts of death which gnaw at the nation's

Cabildo has sold out on many indistinct and news stands and its sales are controversial. news stands and its sales are a measure of the unrealistic nature of the bopes so widely Gallieri must carry the over-and optimistically expressed last whelming mass of Argentines month-that reasonable men of with him. He must therefore good faith could find a compro- carry off a difficult balancing mise solution to the Falklands act. crisis and the withdrawal of majority of Argentines who And he must protect his own



ARGENTINA DIGS IN

A crisis of identity



A volunteer waits for a Ministry of Defence official to complete his papers in Bnenos Aires.

people from inflation, recession anti-Peronist. and other domestic difficulties. He must also placate the It was, and remains, such a nationalist sentiments of the more ambitious attempt to unite of the trade unions which they

a deeply divided nation in an in the past been uncomfortably painfully If he is to succeed, General

whelming mass of Argentines On the one hand are the

Argentine forces from the look hack with nostalgia to the flanks against rival brother popularism of the late General officers particularly in the army in fact the Falklands issue Juan Domingo Peron when the who would quickly supplant was always much than a mere working man came into his own. political adventure undertaken On the other is the present, political hy a particularly ambitious relatively small, but very finally military dictator in order to powerful social and economic damaged divert the attention of the establishment which is violently psyche.

It is also a far Peronists—and the vast majority control—without allowing them affirmation of its national to swamp his own military identity, an identity which has government which is viscerally opposed to Peronism. To most of the military Peronism spells political and economic chaos

and degradation for Argentina. At the same time be must maintain some sort of cohesion among the three armed forces which have for years been at daggers drawn with each other.

who would quickly supplant him if he were to make any political or military hlunders. Finally he must also cherish the damaged Argentine national

Few countries, certainly no country of Argentina's intellectual sophistication, can he burdened with so many self doubts as Argentina. Few. either, can be oppressed by such a sense of national failure. At the end of the last century

Argentina, with its seemingly limitless land area, was an El Dorado which attracted immigrants not just from Europe in general, and Italy in particular. in their bundreds of thousands, hut also in some number from a United States still bruised and bleeding from the Civil War.

and easily by those who had Argentina till his death during land on which to grow grain for the city dwellers of Europe or 1974. who could sell meat to Europe io an international trade which was growing rapidly thanks to new and cheap ways of re-frigerating cargo. Buenos Aires quickly became the biggest and most sparkling city south of the

But the sudden immigration intellectuals, Jews,—and the sudden wealth— leaders, aristocrats seemed gravely to unsettle the national psyche. Were the Argentines, a majority of whose ancestors were now of Italian Aires.
rather than Spanish origin, to Inflat see themselves as the most powerful and enlightened of the Latin American Republics? Or were they a cultured European society exiled at the end of the

And if they were Europeans, were they British like the entrepreneurs who developed their country and whose outdoor sports and whose tweeds, flannels and other masculine fashions they adopted; or French, like their intellectual mentors; or Spaniards, like their remote forefathers; or Italians whose muscles turned British-drawn blue-prints into railways, ports and factories?

The dehate about the political and social indentity Argentina was played out in earnest from the 1910s onwards. Hipólito Yrigoyen, became President during the First World War and represented the aspiring middle-classes and some of the working class for the first time. But in 1930 bis Radical Party was displaced by the first of a series of military dictatorships which have lasted

with intervals down to today.
These dictatorships took on a populist aspect in 1945 with the rise of General Juan Domingo Peron whose radical demagogic appeal to the work-ing classes—his descomisados shirtless ones-fascinated

Under conservative military and Peronist rule alike Argentina was never able to make good the promise of prosperity which had lured the immigrants in the 1890s. Both sorts of government precipitated waves of emigration. socialists in turn sought refuge ahroad as successive dictatorial regimes took power in Bnenos

Inflation became commonplace and toleration the exception. Buenos Aires today bas little left of its giltter and Argen-tines still face the unresolved problem of their national iden-

The military leadership saw national conscription and devotion to the flag as one valuable way of developing individual and national character in a hitterly divided nation.

General Galtieri last month decided to gamble on the success of an offensive which would demonstrate, if it came off, that Argentina bad at last come of age, knew its own i identity, and was strong enough : finally to defeat a conutry which had until recently been one of the world's great empires. The whole country was thus em-harked on a test of its man-

If, as seems unlikely, the offensive succeeds, Argentina's neighbours-particularly Chile, ttruguay, Paraguay and Brazil - will most likely he the next to experience the aggressive exuberance of a newly confident nation.

If, on the other hand, Britain recaptures the Falklands, the Argentine psyche will have suffered a terrible blow. The ghosts of death will once again be gnawing at the nation's

A lack of leadership begins to be felt

By Andrew Whitley in Buenos Aires

ARGENTINES have for days now been treated to a barrage of Government propaganda on radio and television which has left them confused and

The disappearance of their national leaders from public sight since fighting began in the early bours of Saturday morning has added to the mood of nucertainty. With the exception of an emotional —and ramhling—address on television late on Saturday night by General Galtieri the silence has been complete.

The explanation given by the few officials who are contactable is that of course, these are military men who are spending a great deal of time in Argentina's equiva-lent of the War Operations Room. But the lack of leader-

there have been none of the blg public rallies which marked the weeks of frustrat-Saturday. Curiously, the only public demonstrations of bave come from minor, special interest groups: the Japanese-Argentines, Para-quayan immigrant labourers (the gastarbeiters of Argentina) and the Evan-gelical Church, its neatly

THE RESERVE OF THE PARTY OF THE

ship at this time is beginning to be felt. With no one to give a lead

ing negotiations leading up to solidarity in Buenos Aires dressed congregation waving flags and smiling nicely in the

autumn sun after Sunday

service. Flag and ribbon sellers were having a poor time in the Plaza de Mayo, the capital's main public square, yesterday. Unsold items of "patriabilla" hung like washing drying on a line in the deserted square. A few cars toured the streets pressing their borns, but the only excitement seems to have been at the football stadium where Mrs Thatcher, looking like Gny Fawkes, was burnt

In effigy. Parts of the capital had their first hlackonts over the weekend. But as they were limited and no one had bothered to inform the public that they were going to happen, the assumption was that there had been a simple power failure. Outdoor music has been banned out of respect for the fighting men, but otherwise there are

few ohvious signs of war.

Young men under the age of 35 are reportedly not being allowed to leave the country and the reservists in the Class of '61 have heen called up, following their juniors in the Class of '62 who received their call-up papers a few weeks ago. Failure to enrol is severely punished.

To keep up morale, 90second propaganda shots interrupt television prointerrupt grammes such as Charlies Angels and Bionic Woman at regular intervals. The torch of liberty encrusted with military emblems is super-imposed on top of Farah Fawcett; then, to the theme tune from "Charlots of Fire" -Britain's prize-winning film extolling the virtues of faith, conrage and patriotism—a

fighter aircraft is seen taking off from Stanley Airport.
Fade in a naval gun firing
"somewhere at sea" and
then the flag finttering
bravely in the breeze and it's back to Miss Fawcett. Another incongruous note

was the incidental music played during a theatrical performance on Sunday night. As the andlence fell about over surrealistic jabs at oldfashioned Catholic morality. Land of Hope and Glory (without the words) came across the londspeakers.

The joint Chiefs of Staff bave laid on an efficient press room at the Sberaton Rotel where most foreign journalists are staying. The only problem is that the spokes-man, Captain Enrique De Leon, rarely has any facts to back up the Government's claims. For two days the junta has

promised to release the identification numbers of the two Harrier jump jets which Argentina says it shot down on the first day. Telam, the official news agency, report-lng from the Falklands rather gave the game away by saying that the British planes had "plunged into the sea"—the same formulation used by Palestinians when they claim to have shot down Israell jets over Lehanon.

Nor have the identitles yet been disclosed of the pilot Argentina says It has captured alive or of the dead body in its army's hands.

Men & Matters

Irish re-jig

Fingers are heing kept firmly crossed in Duhlin property circles this week following the collapse last Friday of the Gallagher Group, one of the largest Irish private property companies, run by 30-year-old Patrick Gallagher.

The full extent of the damage will not be known until receiver Laurence Crowley (Ireland's Sir Kenneth O'Cork. as it were) has had a few days to probe. Gellagher says the crisis is one of eash flow rather than solvency with assets valued at £50m and dehts at something over £30m.

But the real nightmare for the property men is what might happen if some of the grouo's big portfolio of central Duhlin sites are sold off at hargainbasemeot prices. They fear a wholesale lowering of values which would knock some unsightly holes in other companies' halance sheels. £2.2m Patrick Gallagher's

the 730,000 guineas breeding mare. Arkadina, are up for salc. and he has pledged that if necessary the family's small Simple bidding collection of stately homes will be thrown in to repay creditors. The fate of the reputed £100,000 wine celiar he put down to beat the last Irish austerity budget is being watched with interest by local wine buffs.

Gallagher once said that two of his pleasures were picking winners at Ascot and flying in Concorde. It is now up to the receiver to determine how many of these he can still afford,

Little Germany

A suitable centre for cultural and economic links hetween Britain and West Germany in London has long been lacking. The VW Foundation has now come to the rescue. It has bought a splendid 17th-century

Bloomsbury Square mansion rebuilt and refurhished by Nash, and which has some marvellous painted ceilings. By the autumn the old bouse will he in good shape to accommodate the German Historical Institute in London, the German Academic Exchange Service, and the Anglo-German Foundation for the Study of Industrial Society.

The house has been empty for six years and has suffered depredations from squatters. But all that is now heing put right.

It should he an clegant venue for politicions, husiness-men, and academics to meet at conferences and seminars in the running programme managed by the foundation.

Visitors need not be put off by the legend across the froot of the hulding below the cornice: Pharmaceulical Society of Great Britain. The society was a former occupant. The lettering is well executed and the Anglo-German movement believes it would be an act of bloodstock interests, including vandalism to have it removed.

Anyone new to the oil business who finds the rigmarole of biddiog for Chinese offsbore contracts too daunting should pay close attention to the Hong Kong Standard's daily column "learn Mandarin with Chang

In lesson 127 About Bidding (Zbao Biao) Chang's two stalwarts Mr Roberts and Mr Liu show just bow simple it really is. I omit the Chinese version for reasons of economy:
L.—Mr Roberts, I have a picce of good news to tell you.

R—What is it? It seems so

surprising. L.—The General Marine Petroleum Company of China has published the advice note of the joint exploration of marine oil.

is very large. It covers the Yellow Ses. Beibuwan Basin and Yingehai Basin. The total area comes to 42,700 sq km. It is divided into 17 districts for bidding. R.—Well, our company will be able to display its capabili-

L.-Well, the area for bidding

L-All petroleum companies of the world can apply for the

bidding. R.—From which department can we get a copy of the bidding advice note? L.—Directly from the General

Marine Petroleum Company of R.-Then I have to trouble you to show me there Mr Lui. L.-Right now?

R .- Yes. Let's go at once.

Harvested

A Wall Street wag remarked when Archie McCardell was made chairman of Interoational Harvester in 1977 that he would nced one of his own tractors perrato cart away his loot.

American business gasped at the generosity of his personal financial arrangements and has heen following his career with uncommonly close interest ever

Now that he has resigned, leaving behind him a more lively company than before he arrived but one twice as deep in debt, the comments on his five years at Harvester are already tending to be critical and are likely to be numerous.

job at Xerox the Harvester board agreed to lend him \$1.8m to buy 60,000 common shares in the company. And It was agreed that he would get his money back if he managed to lead his troops out in front of com-petitors-Ford. General Motors, Deere, Caterpillar, and Massey-Ferguson. He was also paid a \$1.5m "signing-on" fee, and a R.—Really good news. Please starting salary of \$500,000 a tell me something about lt.

Harvester was to go to Madrid in January to try to keep alive a \$200m engine plant project to he built in partnership with the

One of his last hig pitches for

Spanish government. The deal

desperately short of funds.

decisively.

Bill of fare Getting the new Canadian constitution through the British Parliement seems to have involved feeding mere than facts to Westminster's MPs and

Some of the costs of the operation have been cinerging In Otlawa where a written parliamentary answer says that Pierre Trudeau's repatriation team spent around £21,000 in London nn drinks and meals for politicians and journalists while pressing on them the merits of the legislation.

The Canadian Government says It is impossible to work out the total cost of pushing the package through Westminster since lohbying was often mixed When he joined from a top with other official husiness. Reeves Hagan, head of the Government task force, and an assistant, who were sent over

from Ottawa, ran up expenses of £41,000 during their time in London and nine people, including secretaries and public relations specialists, were hired un a contract basis to help oil the legislative process.

Observer



FINANCIAL TIMES SURVEY

Tuesday May 4, 1982

THE WORLD ECONOMY Jean Deflassieux-Credit Lyonnaic Foreign exchange Walter Seipp-Wide-ranging swings VII Commerzbank Interest rates Opposing influences III COUNTRY PROFILES Netherlands Opec funds VIII Belgium Many variables IX West Germany THE RISKS Sovereign risks United Kingdom Caution the watchword Ireland Corporate lending IV Italy XI Co-ordinated efforts XII Switzerland World bank/IMF Luxembonrg Closer together XIII Anstria Cofinancing XIII Loans from private sector Regulation Norway A fresb look Finland XV TOP BANKERS XV Timothy Bevan-Barclays VII XVI XVI Ynsuka Kashiwagi-Bank Portugal of Tokyo Greece

Personal Property of the Prope

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THE WORLD'S BIG BORROWERS

				1980	,
	Gross Sbn	Net Sbn	GNP \$bn		Pep.
Mexico	49.9	40.0	144		67.5
Brazil	45.6	41.0	243		118.7
Argentina	21.6	15.8	66		27.7
Venezuela	21.3	3.4	54		14.9
Spain	20.7	3.3	200		37.4
South Korea	15.6	12.9	59		38.4
USSR	15.4	10.9	1,212		267.0
Poland	14.2	13.4	140		35.8
East Germany	9.7	7.8	121		16.9
Yngoslavia.	9.6	6.9	59		22.3 .
South Africa	9.4	7.8	67		29.3
Chile	8.8	5.4	24		11.1
Greece	8.2	2.8	42.	ì	9.3
Philippines	6.9	3.7	34		47.9
Hungary	6.9	6.1	45		10.7
Banks in BIS reporting a in certain offshore cen	tres. exte	ranches ernal lia	of certain bilities	U.S ind	baoks claims,

domestic and foreign currency.

Source: Bank for International Settlements; 1981 World

MORLD BANKING

Cost of money too high for comfort

BY WILLIAM HALL; Banking Correspondent

THE RISKS involved in International banking have increased significantly over the past 12 and so has the competition, with the result that many of the 2,000-odd banks operating internationally must now be reviewing the scale of their involvement.

Since 1976 the flow of ioternational lending across national borders has been growing at a regular 20 per cent a year. One of the big UK clearers, Lloyds Bank, bas estimated that it rose by \$315bn last year and wili rise by \$355bn in the current year but there are signs that banks are becoming increasingly cautious.

Clearly there are special risks involved when a bank takes a dollar deposit in London and lends the money "cross-border" to a customer in Brazil, for example. In normal domestic lending the bank bas only to worry about the com-mercial risk, in that the borrower may be unable to pay.

With "cross-border" lending the bank must accept the addltional risk that even if the Brazilian borrower remains soivent, something may occur at the country level in Brazil which would prevent the servicing of the loan in dollars.

interest rates. Many less developed coun-The risk of something going wrong at the country level is generally referred to as

sovereign risk" and it is clear that the days are gone when sovereign lending to Government entities was regarded as developing countries' exports. risk-free. Even if full-scale are touching new lows, exacer-bating financial difficulties. defaults can be avoided, it is clear that several borrowers face The Amsterdam Rotterdam difficult periods of adjustment Bank has said that 26 countries The political and financial

are known to be in arrears with external payments and the number seems likely to increase problems, first of Poland and now of Argentina, coming at a unless interest rates fall soon. time when most economies are Mr Geoffrey Bell, a director of in recession and many of the mercbant bank Schroders, estibanks' customers suffering from mated last December that as extremely high real interest much as \$50hn of debt was in rates means that many banks process of being rescheduled: Dow Banking in its latest annual report quotes a pessimistic prediction that in a

Already there are signs that the Polish crisis has cast a shadow over other East Eurocouple of years up to 30 per pean economies and some are cent of all outstanding Eurodebt sufferlog from a withdrawal of will have to be rescheduled. short-term credit facilities. There are fears that the Argen-Disappointments tinian crisis might produce similar problems for Latin In addition to these areas of eoncern, international banks have also had to face up to American borrowers, which as a group owe international banks \$115bn-well over twice as disappointments in a number of

much as Eastern Europe. The main problem for international banks is the unprece-dented level of real interest

are drawing in their horns.

in the coming years.

markets. The U.S. is the most \$200bn last year, according to extreme case where commercial GATT. This compares with a banks' prime lending rates are more than twice as high as the previous year. At the same underlying rate of inflation, time there are signs of a Other major economies, how strengthening of protectionist ever, such as those of West pressures in many countries. Germany, Japan and the UK. There was minimal growth in are also being bit by high real the major industrialised

the major industrialised countries in 1981 and rising unemployment which added to tries (LDCs), in particular are social tensions. being put under severe finanrate in the Asia-Pacific region tinuation of bigb real interest
cial strain. For them, high real
slipped by only 1 per cent to 4 rates is, expected to basten
rates of interest, rather than
the high price of oil, is now resilience of that area. But in mine debt rescheduling agreethe central problem. At the Latin America, Libra Bank, ments which are based on the same time the prices of several estimates that regional commodities, which underpin economic growth fell from 4.8 per cent in recent years to 1.5 per cent.

• The foreign exchange and money markets have continued to be extremely volatile. The three-month Eurodollar rate, for example, started last year at 173 per cent, fell to 13} per cent in March, rose again to above 19 per cent in early August, fell below 12 per cent in late November, and then climbed back to 141 per cent on Christ-mas Eve. Foreign exchange were also extremely unstable, with changes of 10 per cent in a week and 40 per cent in a year for several currencies. Such volatility increases the risk of loss for banks, especially when they have failed to match their interest rate exposure,

• Capital ratios of many banks are falling at a time when their profits are under pressure; they have only limited access to new other areas:

World trade, which over the capital and their risk exposure is increasing. There is considpast decade had been growing erable variation between major twice as fast as domestic pro- banks in their exposure to rates in most major banking duction, fell by one per cent to sovereign risks but according to

PART ONE: Part Two will appear next Monday May 10

As recession persists and nations and industries struggle, bankers worldwide are having to face challenges and problems on many fronts-not the least of them interest rates at unprecedently high levels

U.S. Federal Reserve figures for countries. last June the nine largest U.S. 20 per cent increase in the banks bad lent \$45.7bn-equal to 195 per cent of their combined capital—to six major strengthening of protectionist borrowers - Brazil, Mexico, South Korea, Argentina, the Philippines and Taiwan.

industrialised • There has been a marked deterioration in the corporate balance sheets of many multinational companies and the conassumption that interest rates will fall sooner rather than later. Over the past couple of years or so banks bave had to come to the aid of multinational companies such as Chrysler, Massey Ferguson and Interna-tional Harvester; other rescues

are in the pipeline. Characterised

It would be wrong, bowever, to overdo the pessimism. The combination of recession very bigh interest rates which has characterised the past year is unlikely to recur with the same severity this year.

In addition, bankers are taking comfort from two inter-related developments. First, inflation is falling in virtually all the major economies: second. and more important, the price of oil bas begun to fall.

Disruption of oil supplies and sharp rises in the price have dominated international financial markets over the last decade and been a major factor behind the sluggish growth and

mental shift in the demand and supply patterns for oil has occurred over the last few years and this, together with the de-clining influence of Opec in world oil markets, has raised the possibility of a significant drop in oil prices of 25-30 per cent in 1982-83, according to

Morgan Guaranty. It is predicting that the current account surpluses of the Opec countries, which amounted to \$113bn in 1980 and \$69bn in 1981, could be transformed into a small deficit in the current

The implications for the major international banks of the sbarp reduction in oil money flows into their balance sheets bas still to be thought through, but it is clear that any reduction in oil prices will prove a powerful tonic for the economies of both the industrialised nations and, more im-

portant, the non-oil LDCs. It will stimulate economic recovery and should pave the way for a reduction in real interest rates. For the moment, however, the world's financial markets appear to be ignoring the improvement on the inflation front and the implications of the drop in oil prices because of concern about the U.S. Administration's lax fiscal policy and extremely tight monetary policy, which is the key to the current high level of interest

The banks and their customers-whether sovereign borrowers or multinational clients behind the sluggish growth and —have still to take on board high rates of inflation in many the implications of a prolonged

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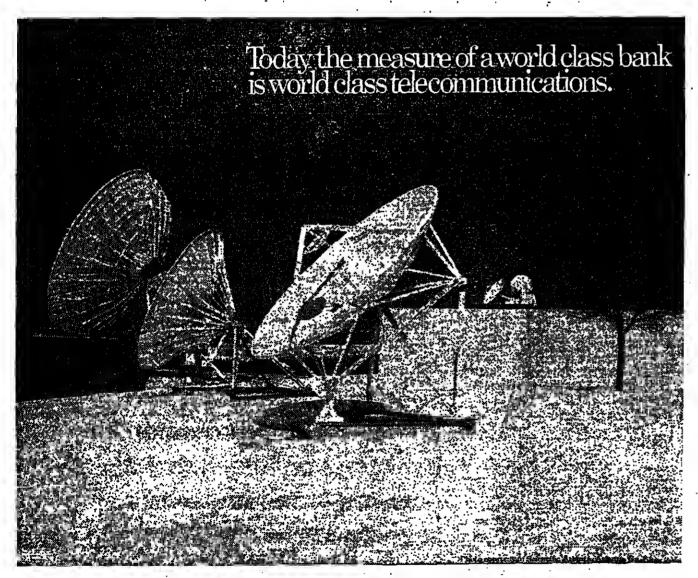
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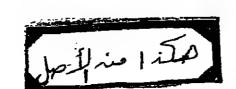
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WORLD BANKING II

THE WORLD ECONOMY: Among major factors universally affecting the financial sector are foreign exchange movements, interest rates and Opec funds—discussed on this and the following page.

Wide-ranging swings put pressure on markets

and consumers may wring their bands in dismay at the vicissitudes of the foreign exchanges, but they realise that there is little point in calling for measures to control currency fluctuations.

It has become clear that the ship carrying the billions of dollars of short-term world investment funds has become too top-heavy for anyone to steer it properly. Even if Western governments and cen-tral banks could agree on who should take over the helm which, as shown by the long-running Europe v America dispute over "benign neglect" of the dollar, they evidently

Complicated further by the international political squals besetting financial markets everywhere, the job of stabiliseverywhere, the job of stabilising the foreign exchanges is
plainly impossible. Central
bankers like Mr Gordon
Richardson of the Bank of
England talk of keeping "a
band on the tiller" to make
sure fluctuations do not become excessive. But in truth they know they can do little but lash themselves to the helm hope the storms subside.

Exchange rate swings over the past two years have been as excessive as anything seen since the break-up of fixed exchange rates a decade ago.

In contrast to previous periods of unrest during the 1970s, the latest phase of volatility has tended to move in an unforeseen direction. Because owners of short-term capital around the world have become preoccupled with rate returns-and also Europe has suffered a weakening vis-a-vis -low-interest rate, lowcurrencles suffered the most. The dollar, which fust three years ago was between Washington and the surrounded by crisis, has EEC over defence, trade and entered a chase of unprece- East-West relations. It hardly

several important effects. First, tradiinflation - minded countries like West Germany bave had to redouble efforts to protect their currencies rather than to expand their economies. Consequent tight interest rate policies in Europe, designed to forestall further depreciation against the dollar, have tended the world to aggravate

the wide-ranging currency swings, at a time of attempt on President B very high real interest rates just over 13 months ago.

companies around the world, bave sharp- Apart from all-pervasive wring their ened the profit-orientation of interest rate differentials, the many operators on the exchange markets. Industrial companies and central banks—from developed countries as well as developing-now participate on the exchanges to maximise their currency gains. This can some-times have a "smoothing" effect. But more often than not the inclusion of additional participants all thinking along the same lines can have a "bandwagon" impact on capital movements which tends to exacerbate fluctuations.

> The diversion of corporate energies to assessing foreign exchange risks rather than planing companies' manufacturing and marketing activities is an other hindrance to productive investment and world economic

> Another casualty of the inreased profit-orientation of the currency markets has been the commodity sector. When inflation-adjusted returns of perhaps 20 per cent per annum are available to the currency punter who puts his money in the right dollar investments, who will bother to place funds in non-yielding gold? The spectacular fall of the hullion price during the U.S. currency's two years of ascendancy shows that the link hetween the dollar and the yellow metal has not, after all, been totally severed.

The third and furthest reaching effect has been felt on the political scene. The wave of tighter credit now sweeping in from the Atlantic is the fourth American-inspired interest rate surge which Europe has faced in the past two years. Arriving just at the time when EEC countries have started to make their own feeble efforts to cut interest rates to revitalise their economies, higher interest rates in the U.S. are intensifying the already strong disagreements between Washington and the augurs well for this summer's economic summit in Versailles.

The European and Japanese disturbed Administration's eschewel of all intervention on the foreign exchanges. Although the U.S. Tressury has termed its policy as one of "minimal" rather than "nil" intervention, the Americans have made no attempts to smooth the dollar's passage on the markets since the day of the assassination attempt on President Reagan

currency markets are influenced of course by the pull of political events. This has been underlined particularly by the Polish crisis, which has badly hit the D-mark, and the dispute over the Falklands, which weakened confidence in

Central banks in Europe and Japan realise that they can do little to counter such infinences merely by intervention. But they insist that the weapon of

Foreign exchange

DAVID MARSH

official intervention should be kept in the arsenal to assist other measures of market control-something the Americans reject.

Japan, hit by a drastic-and almost totally unexpected—drop in the yen this year has made the largest resort to intervention over the past few months, spending up to \$1bn a month to proteet its currency.

The Bank of England stepped up dollar sales to keep sterling steady last month. The Bank of France has also drawn heavily on its reserves to finance intervention both against the dollar and against EEC currencies to counter the franc's weakness in the European Monetary System

West German Bundesbank has practically given np currency action to steady the D-Mark. There are three principal questions about the foreign exchanges which may be resolved in coming months.

1. Will Europe be able to maintain a gentle "de-coupling" of

exchange rates from the dollar? latest spurt of the dollar the and recession continuing, in-improvement in the German flationary pressures from a and Japanese current account strong dollar are now less performances this year — to severe than 12 or 18 months surpluses of \$2bn and \$17bn German authorities, for one, are more relaxed about the recent fresh slide of the D-Mark to advantage given to the two below DM 2.40 to the dollar. countries' economies may fur-Similarly, the British Government is also less worried than it would have been a year ago at the pound's drop to under \$1.75
—particularly as sterling is still

tinental currencies. EEC central banks have there-

holding up well against the Con-

problems some of their flocks

are facing in relation to a few

of their customers.

ment of the interest rate dif-ferential between the U.S. and Europe.

ever, that the more relaxed atti-tude would persist if U.S. interest rates, under the influence of the high American budget deficit and the Fed's tight monetary policy, were to rise much further in coming weeks. Corrective interest rate action by the Europeans: (and Japanese) might then become necessary—even at the cost of a further setback to hopes of

2-Will the EMS hold? The first three years of the EMS have been relatively peace ful. The absence of large-scale strains has been the result mainly of the emergence of uncharacteristic D-Mark weakness (itself a product of Germany's lurch into current account deficit), which protected the funda-mentally vulnerable EMS

Over the past few months, however, Germany's current

has been improving rapidly. Additionally, severe unrest has hit the French franc as the exchange markets recognise that the Mitterrand government is unlikely to achieve much success in hring-ing down French inflation. Again, the 8.5 per cent devaluation of the Belgian franc in February—the largest parity change yet seen in the scheme's bistory—has raised worries that member countries may in future But-EMS intervention apart be tempted back to the old track of "competitive devaluation" as a means of restoring economic growth and alleviating unemment. The EMS thus is certainly heading for its most crucial year since it was set up. 3. Will exchange rate shifts aggravate world current account imbalances? Even before the With world oil prices falling OECD was forecasting a sharp Consequently, the West respectively. After the sharp weakening of the yen, particularly, the extra competitive ther boost their 1982 surpluses. Similarly, the delayed effects of the dollar's appreciation may start to work through with a veogeance on the U.S. current account this year. It is forecast by the OECD to move into modest deficit by the end of this year, but the shortfall could be higher if the dollar's strength

> economy picks up as intended later in the year.
> If the world current account picture starts to move out of line as a result of exchange rate disturbance, that could sow the seeds for more problems. Eventually, it could spark off a sharp correction of the present under-valuation of the D-Mark and yen. Another key question, bowever, will be whether the slowdown in U.S. inflation to well into single figures—only slightly ahead of Germany's—proves permanent. If President Reagan's success on the inflation front—itself partly a result of the strong dollar—persists, then the U.S. currency might remain the star of the foreign exchanges for some time to come.

persists, provided the American

Cost of money too high

CONTINUED FROM PREVIOUS PAGE

era of high real interest rates. save them \$46n. Many hankers who made their mark in the 1970s during a period of negative real interest rates still believe the pheno-menon of real interest rates is temporary aberration.

If this is not the case then some painful adjustments will need to be made shortly. For s start, real interest rates have a nesty way of punishing mistakes, whereas negative interest rates hide some howlers. Many North Sea oil project financings over the past decade would have run into difficulties if the price of oil had not risen the way it did. Negative interest rates en-

couraged companies to gear np their operations with excessive amounts of debts. As long as they could borrow at effective rates of under 10 per cent and expand their businesses to produce goods with a price inflation of 15 per cent plus, ell was

But as soon as that process was reversed problems began to surface. Many companies are not earning enough on their assets to service debt costing them over 15 per cent a yearespecially when their prices are only going up hy single figures. Suddenly hanks are finding that companies are being forced to borrow just to

For many sovereign borrowers the problems are even more difficult. (They are also worse for the banks since they cannot call in the receiver.) Commodity prices are ex-tremely sluggish yet LDCs face the prospect of sinking deeper and deeper into debt because they are having to service borrowings at exceptionally high real interest rates.

Morgan Guaranty has calculated for example that net interest payments of \$20.2bn on external bank debts of \$170bn will account for over half the expected current account deficits of the 12 higgest non-oil LDCs in the current

heing asked to shoulder more of the burden and commercial banks are becoming more heavily involved in co-financing During the past decade the external debts of the developing countries rose at an average arrangements with these types of bodies. 23 per cent per annum; commercial banks played a key role in helping these countries sustain high rates of growth and adjust to the sharp rise in Meanwhile the pressure is on the bank regulators to treat the banks' problems with sympathy. oil prices. But it has meant that the banks now account for It is clearly the wrong moment for bank supervisors to be too rigid in their reaction to the almost two-thirds of developing

For some international banks their long-term bealth is closely tied to the future of certain developing countries. Taking an extreme example, if Brazil and Mexico were to default on their debt then it would have the effect of wiping out the capital of the nine largest U.S. banks which together have lent \$24bn to these two countries. It would also do lasting damage to many of the world's other

countries' debts, compared with

45 per cent 10 years ago.

By the same token, if South Korea were to go "belly up" as the bankers say, it would jeopardise close to a third of the same banks' capital and in the case of Argentina it would knock a quarter off their capital

Clearly many banks have a lot at stake. The uncertainties created by inflation during the past decade have meant that most borrowers have bad to raise money on a floating rate basis rather than at fixed rates and this in itself has meant that the banks have become more heavily involved since they are the main providers of floating rate finance. Unfor-tunately they have little control over the level of interest rates if they float upwards.

Banks and borrowers are having to come to terms with a period of expensive money. Given the extent of their exposure and the impact it would have on their capital ratios if anything went wrong, many banks are taking a much more cautious line.

At the same time bodies such year. A two percentage points as the International Monetary drop in Eurodollar rates could Fund and the World Bank are

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Subject to the play of two opposing influences

and rising budget deficits,

Tuesday May 4

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of the world oil market points and 2.9 per cent in Britain. to lower interest rates for two (The main reasons. It will tend to balance gives an internationally lower inflation in oil-importing comparable method of calculatcountries and can also be ing the fiscal stance. It includes expected over time to reduce the the deficits of all levels of govcurrent account imbalances in ernment, national to local, but the West which have led many excludes nationalised industries countries to keep their interest and the quasi-business activities rates high to protect their cur- of government.

So far, bowever, the financial markets have reacted only imperceptibly to the more hopeful implications of cheaper oil. occupied by the question of the huge and rapidly mounting budget deficit in the U.S. At a time when the Federal Reserve is still fighting an apparently

Interest rates DAVID MARSH

losing battle to control this year's runaway money supply, Washington's financing needs add to the burden on the U.S. credit markets.

In spite of a rapid drop in U.S. inflation to well into single figures and a recession which has now lasted around 10 months, prime rates remain above 16 per cent.

Real dollar interest rates of around a startling 8 per cent not only raise the spectre that the American recession will turn into depression. Additionally, they keep up the pressure on European countries to maintain their interest rates at relatively high levels. The impasse over the U.S. budget sbortfallwhich could rise as high as \$180bn in the next financial year unless Congress takes remedial action soon-is thus one of the major storm clouds hanging world economic recovery.

The U.S. Government's financing difficulties coincide with similar problems in other advanced countries. Budget countries. -Budget deficits have been rising in Europe too. Since central banks have generally been keeping a tight rein on monetary policles to maintain the fight against inflation, large state borrowing needs have been a factor behind high interest rates in Europe

TWO OPPOSING influences are general government horrowing international requirement in 1980-81 was 3.9 interest rates: falling oil prices per cent of Gross National Product (GNP) in West This year's sharp waakening Germany, 1,2 per cent in France government general

The European deficits over the past two years compared with a general government shortfall of only 0.5 per cent of GNP in the U.S. In 1982, however, tough budgetary action in West Germany and the UK is expected to curb the deficits in thesa two countries tn 3.5 per cent and 1.5 per cent of GNP respectively. The U.S. deficit is forecast to rise to 2 per cent: and that of France, under the expansionary policies of the new Mitterrand government, to 3 per

The size of the U.S. deficit, OVER THE past year the busi- on the market, became the first duction had dipped to below ness of forecasting both demand to predict an Opec deficit for 16m b/d but the bope is that in relation to the American economy appears small conpared with those in Europe. In the smaller European countries, the deficits are much worse. In 1982, Morgan calculates, tha shortfall will rise to 12 per cent of GNP in Belgium and 9.5 per cent in Italy. The deficit in the Netherlands will he 3.4 per cent.

To make a proper comparison of the effect of fiscal policies on the economy, however, the lower rate of savings in the U.S. bas to be taken into account. Gross personal savings in the U.S. are about 7.6 per cent of GNP against 9.2 per cent in Britain and 11.7 per cent in France, according to Mnrgan Guaranty. This means that there is a smaller pool of savings in the U.S. available to linance the needs of the public and private

Government's problem is that state borrowing needs automatically rise during a recession. Social security payments go up; tax revenues come down; and when the business slowdown is accompanied by high interest rates, debt servicing costs soar as well. During the early stages of recession at least the private sector faces similar difficulties. Companies tend to borrow to keep affoat and to finance redundancy payments.

recently, just as it boosted the British money supply during the recession in the UK over the past two years. Additionally, private sector financing needs have been driven up in America by a spate of horrow-Ings associated with takeover

The unfortunate conjuncture of heavy borrowing demands from government and business automatically leads tn "crowding out" of private sector fundraising on the long tarm capital market. Business simply cannot afford to pay loog-term interest rates at well above the current or predicted rate of inflation. This drives industrial borrowing to the short-term credit markets, which simply compounds the money supply pro-

could he self-defeating has driven the British authorities to make important technical changes. The measures of the widened and the targets made more "pragmatic" (that is, they have been raised); the Government has also started a programme of index-linked horrowing to cut nominal interest rate

obsessive reactions to sharply fluctuating weekly money supply figures has led the Fed to make important reporting changes. This month it is slarting to report the main measure of the movey supply, the Only the unadjusted data will

frenetic credit market activity and produce a more sensible method of monetary management. Echoing many of his rates down. European counterparts, M. Jacques Delors, the French ence on interest rates—another Finance Minister, has com- drop in oil prices-may raise aeveral months ago as the most plained where "Jupiter falls from the in coming months. The falling the Eurocurrency markets by sky every Friday"; and the surplus of the Organisation of international non-banking depositors—private companies and national Settlements has said -which some observers predict big institutional investorsbluntly that it is not a system could turn into a deficit this from Europe and other indus-

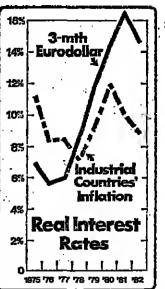
> Europe would be much more satisfied, with thoroughgoing improvements which go beyond technicalities. ginal borrowers among develop- over international interest rates

> deductibility of U.S. interest be available every Friday. This rates, which would mean that tight American monetary policies would have a more immediate effect in curbing port bill drops and export borrowing and bringing interest

One further important influbitterly of a system uncertainties among borrowers year-will lead to a sharp re- trialised countries. In a world

Recognition that tightening only on a four week moving budget deficit, the EEC would terest rates. On the whole, the monetary screw further average basis. bike the U.S. to modify the tax- though, the effect should be roughly counter-balanced by the fall in the financing needs of these countries as their oil immarkets improve as a result of the hoped-for world economic

npturn. The oil states were replaced important sources of funds to duction in oil money flows on to where companies in most counthe international credit markets. tries are now free of exchange This could lead to some marcontrols, corporate treasurers
manifestly have more influence



Too many variables for firm idea of oil money flows

for oil and the prospective balance of payments of the variegated group of producers helonging to the Organisation of Petroleum Exporting Countries has proved to be a very ioexact science—to the point of

not being one at all. As recently as January, Citihank in its publication World Outlook, felt confident enough to estimate a net Opec surplus of \$35bn. Its prediction prethe four states hitherto regarded as being endemically and handsomely in the black—Saudi Arahia, Kuwait, the United Arab Emirates and Qatar-being up \$52.5bo and the other nine members, including Libya, which the pundits bava always been divided over categorising, down \$17.5hn.

At the end of the year the OECD revised downwards its projection for 1982 from \$109bn to \$67bn. There could be some Its authors calculate each fall red faces in its Paris head- of one dollar in the price of quarters. In February the Bank a harrel, or loss of 500,000 for International Settlements barrels a day in production, as reported that in the third costing Opec members \$6bn. reported that in the third quarter of 1981 Opec members for the first time since the and of 1978 had become net Morgan Guaranty in its March

issue of World Financial Markets, having had time to This element of ."distress According to latest calcula- borrowlog" appears to have in- observe the extent of the slump realisations will probably be tration on dollar assets which real estate and longer-term assets Libya was as big a generous at tions by Morgan Guaranty, the flated the U.S. monelary supply in demand for oil and the glut at a lower level. In April pro- the agency has been trying to instruments constituting the mystery as Iraq before the as a whole.

aftar transfer payments.

In retrospect, Citibank and OECD projections seemed surprisingly awry even allowing for the differences between capital and current account for many Opec members on the one hand, and between balance-ofpayments and budgetary surpluses or deficits, on the other hand. Those variables themselves make the forecasting game a hazardous one, particularly over excess reveoue available for investment in foreign assets.

The Amex Bank Review sensibly gave itself a wide margin of error in saying at the end of March; "Eveo if the present Opec production cut succeeds in holding prices steady, the overall Opec surplus is likely to disappear in 1982, and Opec may possibly run up a current account deficit close to \$30bn More recently the Wharton

Group, which has established a name for itself in the business. forecast an aggregate current account deficit of \$1.8bn, based on a \$34 average oil price and Opec output of 19.2m b/d. Even if the reference is beld, actual

1982, estimating it at \$10bn with a recovery in demand towards the end of the summer the final outcome will be in the

order of 20m b/d. One political factor that the economists appear to bave failed to take into account, at least until very recently, is the enormous volume of aid flowing from Saudi Arabia, Kuwait, the United Arab Emirates and Qatar

Opec funds

RICHARD JOHNS

to Iraq as part of their campaign to bolster the regime and its war effort against Iran. By mid-February at least \$16bn had been disbursed and \$22bn com-

Saudi Arabia is believed to have provided no less than \$12bn for this cause. The Kingdom accounts for the greater part of Opec's net foreigo assets. Those recorded as being controlled by tha Saudi Arabiao Monetary Agency have for several years ceased to show the total estimated at anything from \$120bn to \$180bn, with the consensus at \$140bn to \$160bn. Sama reported an investment encome last year of \$10.5bn, which would indicate a lower figure given the heavy concen-

Last year the Saudi surplus nn current account was put at \$42.6bn and as much as \$36bn is said to have been transferred to Sama'a portfolio-a large amount given the extent of the Kingdom's undeclared aid disbursaments.

A substantial decline in Saudi Arabia's surplus in 1982 is cer-tain. The Kingdom could even go into deficit.

The outcome depends upon not noly maintenance of the \$34 reference but also the rate of oil output, currently down nearly 35 per cent nn the level in 1981 until November, and on crucial decisions on expen-

Kuwait, the significant surplus state and the one also with a long-standing objective of accumulating foreign assets as an alternative source of income, definitely planning for a deficit which would mean using the income from investments abroad valued at no less than \$75bn rather than drawing on the principal.

With the Government reluctant to make any substantial cuts in expenditure, an anticipated shortfall of 40 per cent in oil revenue for 1982, has led to an equivalent cut in the 1982-83 budget for the year beginning July 1. There is unlikely to be any shift from the investment in equities,

bulk of Kuwait'a assets, particu- latter's demands on the conlarly the money earmarked for servative nil producers revealed the "reserve fund for future its "liabilities" to have over-

The United Arab Emirates

or more specifically Abu Dhabi —which has the third largest surplus of Opec member coun-tries estimated at about \$20bn also expects to be in the red in the coming year. Before the full extent of the crisis became apparent the UAE Central Bank said it expected income from investments to more than double to over \$1bn in 1982, but that the UAE investible surplus would fall to less than \$1bn compared with \$2.5bn to \$3bn in 1981 and \$5bn in 1980.

The 1982-82 draft Budget published subsequently in March projected a \$625m budgetary deficit. Last month the Government announced a cut of nearly half in foreign aid-estimated as running at rather more than \$1bn.

Qatar, with \$8bn or more in foreign assets, is a more inscrutable entity in financial terms. It will undoubtedly feel a squeeze but in its smaller way can be more flexible about its spending programme. This emirate regards its reserves as a mixture between a pool of funds to draw upon in emergency and a pension fund, but would be loathe to run any of them down.

In terms of its liquidity and assets Libya was as big a

taken its assets, the usually well informed Petroleum Intelli-gence Weekly a month ago estimated Libyan financial reserves at \$10bn, and classified it with the four Arab producers of the which "should absorb the decline in revenues relatively easily due to their enormous financial reserves.

The arbitrary nature and extravagance of Libya's regime, as well as the fact that its nil nutput has been reduced to a trickle and is likely to be the last to pick up, leaves that npen in doubt. So, too, do recent reports of payments delays by Tripoli. Indeed Colonel Gadaffi's tirades against Saudi Arabia, before the lowering of the output ceiling by the King-dom and the adoption by Opec of a production programme. seemed to betray financial desperation.

With its financial reserves at rock bottom and its creditworthiness non-existent, Iran is a special and potentially hopeless case which will not necessarily be cured by its price-cutting. The other members of Opec will all increase their net indebtedness in the course of 1982 and some will have to trim their expenditure to a painful degree. The immediate and obvious casualty will be the generous aid disbursed by Opec

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WORLD BANKING IV

THE RISKS: The economic troubles of nations as well as companies have heightened the risk factor for lenders. These two pages review the problems and the steps taken by the banking community to contain the degree of exposure

Caution becomes watchword as debts pile up

NOTHING probably illustrates risk has become increasingly payments) has become a highly better the herd instinct of bard in recent years. Even unfashionable activity. Project international bankers than their the British Foreign Office financing (which essentially

attitude to Argentina.

A few days before the Falk-lands crisis erupted some 2,000 bankers converged on Cartagena, Colombia, for the annual meeting of the Inter-American Development Bank. One of their main preoccupations at the time was Argentina, whose medit arting was account whose credit rating was comlog under fire because of its falling currency, desperately weak economy and rampant inflation. Yet the meeting gave those bankers a chance to meet Sr

Roberto Alemann, Argentina's new Finance Minister, and they were so impressed by his plans to revive the country's economy that for two days the tide in the international credit markets actually turned in Argentina's

Suddenly conversation at cocktail parties was dominated by tributes to the single-minded determination of Sr Alemann to wring inflation out of tha system and prune public spending. The policies would work quickly, many bankers believed, and as a result margins on loans to Argentina could soon actually

hopes were dashed by the Argentine occupation of the Falkland Islands. Within days that the commercial banking area" for international banks. Its assets in Britain were frozen; it faced the prospect of war in the South Atlantic; and the careful economic policies of Sr Alemann seemed likely to be thrown to the winds in a welter of nationalistic fervour. From the outside it seems incredible that a whole market can change its miod, not once

but twice, in barely a week. Bankers must be a curious lot, outsiders argue, to lend so much money on the basis of flimsy economic and political analysis. With hindsight it should have been easy to predict the invasion of the Falkland Islands and any sensible leader would have drawn in his horns long before April 2. Yet such criticism

admits to errors of judgment in the Falklands question and when they look at sovereign risk banks bave to make some assessment of a country's prospects not months but years shead. Who, for example, could

Sovereign risks

PETER MONTAGNON

rise of the Solidarity trade union in Poland as far back as the mid-1970s, when Euromarket lending to that country was running apace?
The safe answer to this

problem is extrema caution in lending but banking involves taking some risks and the hanker who takes no risk at all is unlikely to do much business.

first exploded in 1973/74 banks have been compelled willingly or unwillingly to take on more and more sovereign risk, Time told by international functionaries and government officials brunt of recycling surplus oil exporters' funds to countries whose oil import bill had ripped a gaping hole in their

So far did this process go that by last September commercial \$102bn, to Africa \$36hn and to Eastern Europe \$59hn-accord-Bank for International Settlements in Basie.

of consumption of, say, oil or attention to the degree to which

means the financing of capital investment) has been growing

In the last couple of years banks have received several actual loss on the business, severe jolts from countries Therefore, a borrower who can aervice their debts. By far the most conspicuous case has been Poland, but others include Romania, Costa Rica, Bolivia, Sudan, Liberia, Nicaragua and Togo. As interest rates have risen other countries have faced needs of daunting proportions-Mexico, whose foreign debt of some \$65bn is the largest in the world, needs to borrow about \$20bn this year.

It is thus not surprising that the climate for sovereign lend-ing, and particularly balance of payments financing, bas become more cautious than befora. One way banks are protecting themselves from undue risks is by ness on safe countries or on countries such as Malaysia and India which are patently under-

borrowed. This has led to a noticeable differential in the conditions on which individual countries can raise loans. Australia, arguably the most popular borrower in be able to raise a Eurocredit with a margin of just + per cent spectrum, pays 21 per cent.

Higher margins for the greater risks are important for by last September commercial banks because they increase the bank lending to the countries of profitability of such lending and some of the increased profits \$168bn. Lending to the develop- can be used to set aside pro-ing countries of Asia totalled visions against potential losses on loans that turn sour.

A number of central bankers, notably Mr Henry Wallich, a governor of the U.S. Federal Reserve Board, have argued As these figures have grown, recently that margins in the more and more bankers bave Eurocredit market were not become worried that the risks high enough to allow for involved were too great Balance adequate provisions. Since the of payments financing (which Polish debt crisis central banks essentially means the financing have been paying much more countries with debt problems,

against unexpected shocks the loan market.

But what no banker likes to admit is that a loan has turned irredeemably sour. This inaltogether and realising an Therefore, a borrower who can no longer repay his debts is usually invited to reschedule his dehts instead of being declared

in default. Rescheduling means deferring repayment of loans until such time as the borrower is in a position to meet his obligations. Normally loans extended by governments such as export credits are rescheduled as well and the borrower country has to submit to an economic recovery plan endorsed by the International Monetary Fund which will enhance its chances of being able to repay in the

On paper this process looks extremely simple. In practice it involves time-consuming and costly negotiation, often in a climate of extreme nervousness. The more such reschedulings proliferate, the more cautious the market becomes as a whole In the case of Eastern Europe banks have withdrawn credit countries because of the Polisb debt crisis. Yet many admit that this way of protecting themselves against sovereign risk could be counter-productive. By turning off the credit tap they could be pushing previously sound countries towards default on their existing debt.

This is just one more example of the dilemma facing interna-tional bankers as they cootemplate the problem of sovereign

Generally accepted wisdom in international banklog states customers intimately and make sure that the rewards are commensurate with the risks. Getting the equation right is far from easy, bowever, especially when, as in the case of several political risk becomes

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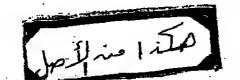
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Salvage operations require great co-ordinated efforts

corporate bankruptcies and insolvencies always increase at the first upturn of the economy," says Sir Kenneth Cork, the De Lorean motorcar company's receiver and veteran of more economic cycles than most.

If economic recovery does not get them, high real interest rates could yet finish off several major companies, in the U.S. as well as Europe, Mr Gordon Pepper, joint senior partner of in the hope of facilitating a City stockbrokers W. Greenwell corporate rescue. Those conand Co recently returned from the U.S. warning that a series of major bankruptnies looked likely - which he thought "per ticularly worrying given the precarious state of international credit markets."

A critical stage has been reached in the present recession, with the list of corporate fatalities and walking wounded growing alarmingly in recent months. Commercial bankers have been involved in enough rescue bid rescheduling — successful and otherwise — to prompt some urgent questioning of international corporate lendmg practices.

Urgent questioning is, of course, a characteristic of every recession. The collapse of Rolls-Royce 1971, example, led the banks to look again at the prevalence of the "big names" approach to lending by too many credit departments. Moreover, every recession excites worries about the ability of the smaller banks to risk putting more good money after bad in an attempt to shore up crippled balance

This time round, though, the unbridled competitiveness of the international credit market in recent years bas ensured a bost of special problems. Too much has been lent too easily ured creditors can afford a

and domestic banks as creditors under Chapter XI in the U.S. to a troubled company, for example, has presented prob-

lems in more than one case. For Massey Ferguson it lent endless complications to the It remains to be seen how marathon refinancing of the this will affect the passage of company eventually signed last AM International, the Chicago-

multinational corporate re-

financing."

Other difficulties raised by international consortia go belem of physical co-ordination. guaranteed from Chicago.
There is the varying susceptibility to informal pressure, where this is brought to bear sortium members not directly under the authority of a central bank are always liable to threaten the neatest schemes arranged under the auspices of

The pressure may be commercial as wall as political. In the case of International Harvester, the other threatened farm machinery manufacturer, there is no doubt that a \$4.2bn reorganisation of its debt was only agreed just before Christmas after tense negotiations nicely under-stated as "a lot of phone calls" by one participant — had succeeded in bringing into line the last few of the company's 200 domestic

Even then many foreign banks were left outside the reorganisation. Grindlays Bank SA, the French subsidiary of Grindlays, has now launched a suit against International Harvester for \$1.20n. This has prompted fears that U.S. and other cross-default clauses may be triggered scuppering the whole rescue.

Again, the competitive environment of international banking has spawned a mix of secured and unsecured bank creditors in many instances which can entail further obstacles to co-operation. Secfrom too many different rather more relaxed view sources, say the bankers' critics.

The resulting mix of foreign whether formally instituted instituted or arranged less formally as in the UK. Those without security are far more likely to boit for the exit door.

based office equipment com-Massey soccessfully negotia- pany, through Chapter XI. It ted a C\$715m (£320.6m) package filed its petition for the mora-with over 200 different banks torium on debt and interest Stooe - Platt, to finance 80 manufacturing repayments on April 14, owing machinery and

AM International's major foreign subsidiaries went into default hefore their parent with \$30m of debt, only \$4.7m of it This suggests perbaps an-

other potential problem facing international bankers who have lent to the overseas subsidiaries of multinational groups without

Corporate lending

DUNCAN CAMPBELL-SMITH

too much regard for the chapter and verse of the parent's debt guarantee obligations.

one of the proposals considered hy the professional accountancy bodies in the UK during tha preparation of the recently compieted Cork Report on Insolvency Law.

Tha proposal that British law sbould decree automatic intergroup debt guarantees except where formal disclaimers had been filed was firmly opposed by the 100 Group representing, the financial directors of 100 leading British companies. "If a disclaimer had to be made, you could well find yourself undermining your commercial position in a foreign market quite unnecessarily," says Mr Michael Julian, finance director

of BICC. Possible amendments to corporate insolvency law are thick on the ground in the UK and many other EEC countries, though the 1979 reform of the U.S. Bankruptcy Code has largely defused a similar debate on the other side of the

Unsettled public attitudes to issues raised by major cor-porate collapses can be another grave problem for the banks as those involved in the recent failure of Stone-Platt Industries

know only too well. Stooe - Platt, a textile

"EXPERIENCE tells us that operations in about 30 coun- \$465m to about 8,000 creditors. group, collapsed with debts of corporate bankruptcies and intries. It was, said Mr Victor Most of them are unsecured— over £40m. Receivership folsolvencies always increase at the Ciardello, one of Massey's including its banks, which are lowed a protracted period of first upturn of the economy," treasurers, "the first genuine committed for \$254m of that rescue talks between bankers, accountants, shareholders and the company-supervised in large part towards tha end by the Bank of England.

Zanaine. 700

The collapse when it came nonetheless brought extensive public criticism of the part played by the banks in precipitating the final curtain. Regard-less of the merits or otherwise of that criticism, the bankers in the nature of things cannot proclaim their own case with the evidence to support it. They must take the brickbats and concentrate on the financial realities — though it would not be surprising if the British clearers were at present rather more than usually reluctant to appoint receivers elsewhere.

Tha experience of Chrysler's bankers does not suggest that government intervention is in-variably a desirable alternative to more drastic measures. The U.S. Government has guaranteed Whether those obligations U.S. Government has guaranteed should in fact be automatic was \$1.2bn of new debt for Chrysler and this has allowed huge new funding exercises like last year's issue of \$400m in 10-year notes on Wall Street. The commercial bankers have meanwhile seen their loans paid off — at about 30 cents to the dollar.

Finally there are the lessons to be drawn from this recession about individual geographical and industrial sectors—some of them now resounding with the noise of bolts being drawn across stable doors.

Not the least of these lessons, after the demise of Laker Airways with debts of \$421m (£226.4m) will concern the world's airline industry. Laker's collapse looks certain to prompt extensive reassessment of the industry's general credit-

worthiness This should guarantee some nncomfortable decisions for the banks as massive expenditure plans loom over the horizon with the arrival of a new fuelefficient geoeration of civil air-craft for the 1980s and beyond. The number of healthy airlines io tha world, said one U.S. insurance company executive recently, could be counted "on one hand with a few fingers

Of which industry will much the same no doubt be said after engineering the next recession?

WORLD BANKING V

Top two lending agencies manoeuvre closer together

THE sprawling office huildings system. of the International Monetary Fund and the World Bank face cach other across 19th Street Bretton Woods conference in in Washington DC and together 1944, the Bank and the Fund dominate a whole corner of the went their separate ways, as salary scales and they join responsibility moved geographic cally, and even philosophically, apart. From the garly 1980s Bowling Leagues. But it has only been in the past two years that a much more serious and Duckpin apart. From the early 1960s the Bank's focus shifted from the reconstruction of post-war that a much more serious form
of co-operation and, some say,
Third World countries. The of co-operation and, some say, Third World countries. The bureaucratic rivalry has developed between these two colossi

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In the three decades following their establishment at the the administration of an orderly of the international financial system of international ex-

nated by the problems of the industrialised nations. Since the mid-1970s, however.

and especially since the second oil crisis in 1979, this neat division of labour has begun to show signs of strain.

the extremely energy-dependent assumptions about the growth newly industrialised countries, of world trade. were too deep-rooted to be resolved with the short, sharp measures to restrain demand which it usually recommended own programme of Structural to borrowers from its traditional Adjustment Loans (SALs) to "credit tranche" standby supptement the toans for facilities. In 1974 it introduced a new "extended facility" to support programmes for improving payments balances over periods of two or three years, (Turkey bas had two SALs with repayments stretching as much as 10 years into the future. In 1979 a further "supplementary financing through SALs by the Bank are "supplementary financing through SALs by the Bank are comparable with the sums mada facility" was started to belp available by the Fund to countries hit again by the second

not just into the broad financial and demand - management duplication of effort — and not policies of its member nations just from the inveterate Rightbut also into the detailed industrial planning and development strategies required to any kind.

oil crisis in five years.

seeing the same imbalances in the SAL programme was only of Understanding on how they international trade from the approved by the Bank's board would co-ordinate their strucother direction. Its economists, working closely with developing countries on specific projects and development plans, could see the need for wholesale The Fund has been forced to structural change in these accept that the balance of pay- economies resulting from new ments problems of some of its systems of relative prices, new members, particularly among financing constraints and new

> After a period of soul-searching the Bank decided in September 1979 to launch its specific projects which it had traditionally made. Since then it has committed over \$1.6bn in

developing countries through its extended and supplementary With these developments the facilities. Questions bave Fund was drawn more closely naturally arisen about whether there is a need for the apparent wing opponents of international bureaucratic proliferation of

effect the structural trans. In the Bank there were the Bank and the Fund does formations of their whole people who argued that its not seem to have lasted. Last effect the structural trans. In the Bank there were the Bank and the Fund does approaches are quite different, for short intensive missions be possible to achieve a more formations of their whole people who argued that its not seem to have lasted. Last The Fund is normally con-which precede the agreement fundamental government comeconomies necessitated by the limited resources should not be year the president of the Bank cerned mainly with limiting on a loan. Partly for the same mitment to reform."

change and payments, a system energy crisis. channelled away from tradi-which continued to be domi- The Bank was, meanwhile, tional project lending. Indeed tor exchanged a Memorandum with the proviso that non-tural adjustment lending, project lending would be kept. The idea is that the helow 10 per cent of the Bank's total commitments each year.

At the Fund, in addition to the inevitable concern about the apparent incursion on its tradi-

World Bank/ **IMF**

ANATOLE KALETSKY

tional territory, there was initially some suspicion that the Bank, with its different philosophical emphasis, could conflict with the Fund's attitude to conditionality of loans. Bank's Third World clients there was the opposite fear, that the SAL programme could stiffen the Bank's general insistence on far-reaching economic and political reforms as a condition for lending, thus bringing its attitudes closer to those of the Fund.

The initial friction hetween

The idea is that the two institutions' policies are inherently complementary and institutions' that each of the Bank's SALs will normally he negotiated in conjunction with a standby or extended fund arrangement from the IMF. The Fund deals with the country's immediate balance of payments crisis and agrees a programme to be carried out over a 1 to 3-year

This would normally involve constrictions on credit restraint to control infiation, budget and demand limitation to improve the balance of payments and an adjustment in the exchange rate, if necessary. The Bank, meanwhile, talks with the government in a somewbat more leisurely way abont ways of addressing the economy's underlying problems over a longer period. It looks at the industrial structure, at pricing system, at the insti-tutions managing the economy and even at the training and possible relocation of the people running these insti-

Public sector investment is a particular area in which the Fund's and Bank's

on ensuring that public countries are still very different, spending is allocated to the with the Bank normally viewed programmes which are most productive economically.

The staffs of the two institutions now generally recognise the division of labour and the number of missions with staff Mr Ernest Stern, the Bank's from both the Fund and the senior vice-president for opera-Bank has doubled over the past three years. The Bank's board always receives reports on the Fund's position before they consider making SALs and the Fund's staff slso systematically report to their executive directors on what the Bank is

credit restraint on the grounds rowers, its projects can someto have grave consequences it times be prejudiced if domestic a country's creditworthiness. credit is unavailable to match foreign lending.

doing.

their client countries, obviously spective from those at the Fund, who are usually sent in only

aggregate public spending, reason, the images of the two whereas the Bank concentrates institutions in the developing rather more sympathetically

than the Fund. Over time this two-pronged approach may be helpful in neving the desired reforms.

tions, summed it np like this: "The differencea in procedures reflect differences in the nature and scope of each institution's operations. The Fund's involvement is restricted to a single type of operation halance of payments supportwith relatively infrequent and There are naturally sources limited staff visits to a country, of friction remaining. The Bank while the Bank has many sometimes disagrees with Fund missions relating to a wide requirements for public sector range of operations. Fund support is generally - though not that they may obstruct impor- always—seen as a rescue opera-tant development objectives. tion in response to a crisis. In Since the Bank only provides these circumstances failure to foreign exchange to its bor- a Fund arrangement is likely to have grave consequences for

"The Bank's individual SAL operations bave a much lower The Bank's economists, who profile and are negotiated at a spend long periods working less intense pace. The conseclosely with the governments of quences of failure to reach agreements are therefore much tend to develop a different per- less serious. In these circumstances negotiations tend to be less confrontational and it may

Formula to coax more loans from private sector

balance of payments pressures 1980 but still well up on the caused by high oil prices and 1978 total of \$2.43bn.

Soaring interest rates, has been

But clearly co-financing has

This year for example, the World Bank reckons it needs to borrow some \$80n in world capital markets to satisfy its lending programme. Next year the amount will rise to \$9bn, and in 1984 it will need no less than \$10bn.

Yet as its borrowing programme has grown, more and more participants in the bond market bave begun to question the Bank's ability to raise everincreasing amounts of fixed mance lies in the fact that it interest finance. Put crudely, the time seems to be coming when alternative means will have to be found of channelling development finance to the neediest countries of the Third

is nowadays on everybody's lips is the magic word foreign exchange that can be co-financing. This means used to service the loan.
spreading the burden of financing. Some borrowers mistrust of financing, partly because

Usually the development finance because this is not only bank will combine with private cheaper but also allows the hanks in the project financing, total cost of financing a pro-although other lenders may also ject to be factored in at an include export credit agencies and industrialised country governments acting on a hi-lateral basis.

The co-financing idea is seen in many quarters as a neat way of drawing commercial banks

Cofinancing

PETER MONTAGNON

into lending that they might not otherwise contemplate. They enter a co-financing arrangement under the umbrella of the development hank which has already evaluated the project in question. More important, they know that no development bank will agree to a re-schedul-ing of its loans. Thus many banks feel that the risk incurred in lending to less well-off conn-tries is reduced through such

an operation.

Moreover, the co-financing concept enjoys the active sup-port of the U.S. government. Mr Beryl Sprinkel, Under Secretary for Monetary Affairs at the U.S. Treasury, told the recent annual meeting of the Inter-American Development Bank, that the bank should step up its activities in the co-financing

"All of the multilateral de-velopment banks must realise." he said, "that public sources of development resources will remain strictly limited over the coming years. If co-financing is to come close to realising its full potential, it must be shown to he in the best interests of the three participating parties—the borrower, the private len-

der and the bank.
"The terms and flexibility of co-financing instruments will have to be made more attractive to private lenders. The borrowers will need to realise scheme the private lenders that limited bank funds can make a loan direct to the Bank be blended with additional itself, which then passes the resources through private co-proceeds on to the project. financing, and that such arrangements are part of the

betray the fact that despite its reschedulings that have overapparent attractions co-financing taken both those countries. has been slow to take off as a means of channelling develop- this have not been enough to ment funds to the Third World. stimulate great interest in

commercial banks, trying to of sovereign risk turning sour convince them of the advantages they do face at least some and opportunities that can arise management problems through co-financing deals.

The Bank's management itself tinue to be serviced. The Bank's management itself is also still studying internally the best means of stepping up co-financing deals and some officials admit that it may take years before the full fruits of co-financing are realised. This is not to say that co-financing is an entirely new of development finance."

THE EVER-WIDENING wealth concept. The World Bank last gap between rich nations and year was involved in co-financing the poor countries of the devel-projects for a total of \$4,04bn. the poor countries of the devel-projects for a total of \$4.04bn, oping world, coupled with below the \$6.5bn posted for

But clearly co-financing has not yet fulfilled the expectathrowing increasing stram on the resources of international development banks over the ardent supporters. The experience of the Inter-American ence of the Inter-American tive in this respect.

Its co-financing have been on an altogether smaller scale than those of the World Bank. In 1981 it was involved in co-financing projects for a total value of \$666m, way below the peak of \$1.48bn registered in 1978.

One of the reasons for this relatively disappointing perforis not always easy to identify projects which are suitable for

Banks, for example, prefer to lend to a project that has an identifiable cash flow, though they may be persuaded One answer to this problem to become involved if the borrower has proven access to means used to service the loan.

Some borrowers mistrust coamong several lenders not just involves raising funds at float-the development banks which ing rates of interest. Where possible they prefer to use fixed rate development hank early stage.

Some of the richer developing countries, particularly Mexico, dislike using co-financ ing because they say they already have easy access to commercial bank borrowings. Borrowing from commercial banks to finance projects that would normally be covered by development banks is far from straightforward, they say, as it involves a much more compli-cated documentation and disbursement process than is the case with a straight com-

mercial hank loan. For the banks, too, the ques-tion of risk is far from clear, especially when they find them-selves lending to poorer coun-tries under a co-financing scheme. It is interesting to note that the poorer countries of Africa have never figured very large in the World Bank's

co-financing programme.
Under the World Bank's system the commercial banks which participate in a cofinancwhich participate in a cofinancing scheme provide a separate loan direct to the Thing World borrower. The loan is linked to the World Bank's own lending to a particular project throngb an optional "cross-default clause," whereby either side has the right to declare the loan in default if the other side does the same.

What is not clear Is how farthe banks are actually pro-

the banks are actually protected under the scheme. The World Bank bas immense leverage over its borrowers and none of its loans, whether conventional or co-financed, has ever been declared in default. Many commercial banks in-volved in co-financing argue that pressure from the Bank for continued service of its loans could also help them in dealing with a country in foreign exchange difficulties. The Inter-American Bank

Inter-American Bank officials point with some pride to the evolutionary process of develop- fact that co-financing loans to Bolivia and Costa Rica are still Yet Mr Sprinkel's very words being serviced despite the debt

But even guarantees such as At the World Bank, officials co-financing—partly, observers say that they are still involved suspect, because the lending banks know that in the event ensuring that their loans con-

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WORLD BANKING VI

Supervisory authorities take a fresh look

tasks in the 1980s will be to ensure that the worldwide of co-operation and Brussels, Basle and other parts of the world where groupings of supervisors have been formed recently, progresses in a co-ordinated and constructive

These words by Peter Cooke, the Bank of England man who beads the Basle Committee of Supervisors of the Group of Ten (G-10) major industrialised countries and Switzerland, highlights one of the key problems facing the banking supervision community as the world's banking system heads into deeper and deeper trouble.

The financial problems of countries like Poland, and now Argentina, coming at a time when profits are being squeezed and capital ratios are under severe pressure, is forcing bank supervisors around the world to take a view on issues such as the proper treatment of rescheduled loans in bank balance sheets and the correct level of provisioning for bad and doubtful debts.

visory authorities to adopt a national approach which could be at variance with the wider responsibilities of the international banking community at large. What steps should a country's regulators taka for example, when a bank fails?

As the closure of Bank Herstatt in the early 1970s demonstrated, the actions of the bank regulators, no matter bow well intentioned, can damage international confidence and there is a good case for producing common ground rules on bow to wind np a bank which the banking supervisors around the world will observe.

The biggest difficulty facing the regulators is that there is no single supervisory authority for the international banking system and in fact large parts of it are left largely unregu-

regulatory agencies have differ an ing views about the same probdivergence builds further tensions into the international banking system.

able amount of work related to banking supervision which over-laps with what is under way in Basle, It has, for example, pro-posed several "observation" ratios for banks relating "own funds" to risk assets, to other liabilities, to fixed assets and to total large exposures. The fear is that these ratios, at present used purely for observation purposes, will become "normative" and form, part of the EEC's approach to the harmonisation of banking supervision, whereon the Basle group of supervisors favour a less rigid approach.

London on the EEC and the banks earlier this year, Peter Cooke warned that EEC moves to harmonise bank regulation should not impair the broader based efforts of supervisors worldwide to sustain the soundness of the international bank-

He stressed that the efforts of the Basic group of super-visors were devoted to were "developing general principles, guidelines and recommendations, leaving it up to indivi-dual members to implement

NEW ISSUE

"ONE OF the most important them" either by statutory or administrative means. He feels it would be undesirable if EEC banking lagislation were to co-ordination of banking super- impose a degree of rigidity and visors, as it manifests itself in precision of approach which might prevent participating in wider groups.

> The danger is that as the problems for international banks mount, the efforts of the sipated by behind the scenes squabbles on what they should

It is difficult to measure the

success so far of efforts to for international banking supervision. The Basle Committee of Supervisors was set np in 1975 and Identified two main tasks 1) to adapt tha national supervisory system within each country in order to cope with the wider dimensions of their major banks business: 2) to promote close co-operation between national authorities in monitoring the activities of the overseas branches, subsidiaries and affiliates of their own banks and the offshoots of foreign banks in their own

Its main achievement to date In some cases the severity of the potential problems is encouraging individual supervisory authorities to adopt a which could the international banking system. It falls far short of being an agreement for lender

Regulation

international banking system but it does lay down a basic principle that foreign branches are the responsibility of the parent and subsidiaries the primary responsibility of the host authority.

Peter Cooke stressed in an article in the June 1981 bulletin of the Bank of England that "the Concordat's guidelated. For the regulators this lines are not fully implemented can prove a nightmare. If London tightens up its regulations, then banks switch business elsewhere. At the same time individual and where banking secrecy proimpediment to its

> Nevertheless Mr Cooke said that the Concordat has " become important cornerstone international supervisory

Aside from this initiative, bank supervisors from more than 80 countries beld the first International Conference Banking Supervisors in July 1979, in London, and a second one was held in Washington in September 1981. Further meetings are planned. addition, meetings have been beld with the supervisors of offsbore centres to discuss matters such as the exchange of inforconsolidation supervisory standards

Despite the progress in Basic some people believe the regu-lators have not progressed fast enough in implementing common principles. The Concordat is aimed at sustaining the health and safety of the existing atructure through effective supervision. As Peter Cooke admits, "It does not set ont to rule on the way in which the pieces of that structure should

Another area where the supervisors still need to make



Mr Peter Cooke (left), Bank of England man who heads the Basic Committee of the Group of Ten and Switzerland, and Mr Henry Wallich of the U.S. Federal Reserve. Both advocate greater co-ordination of the efforts of regulatory authorities worldwide.

considerabla progress is implementing the principle that banks' international business should be monitored on a consolidated basis.

Peter Cooke notes that since the Governors of the Group of Ten central banks "strongly endorsed the consolidation principle and recommended its early implementation," good progress bas been made in several countries. However, ba stresses that the top priority of the Basle committee in the 1980s will be "to encourage and monitor progress towards this

It is also an area where there is a certain amount of friction between the EEC and the Basle Committee. The EEC has fairly strong ideas about the matter and has published a draft direc-tive on bank accounts. But Peter Cooke stresses that

"consolidation par excellence is an issue which is worldwide in its application and it would be undesirable to introduce rigidities which might compromise the effectiveness of wider international undertak-

The EEC has also shown interest in establishing a credit information exchange within the Community. Once again Peter Cooke believes that the regulators should take a more a wider international context and in relation to country risk data." Basle is already working

on such a project.

A key area where bank regulators have been slow to reach agreement is in the treatment rescheduled loans. As the financial problems of the Come-con countries and the less developed countries mount, this is an area which is now being given urgent attention.

Henry Wallich, a governor of the U.S. Federal Reserve sys-tem, says that it is "advisable" that regulators begin to formulate ideas about the balance sheet and income treatment of rescheduled loans. In a speech last summer be quoted a study by the Bank for International Settlements that had found that in no major country are delays payment of interest on sovereign loans automatically classified as doubtful debts. In most countries banks bave considerable leeway with regard to the accounting treatment of loans to sovereign borrowers in

He cited the case of two banks, one with strong earnings and the other with losses. The atrong bank may be willing to reduce taxable earnings by an allocation to reserves. Hence that bank might take a firmer

negotiating stance towards the borrower than the bank with losses. The latter may wish to avoid showing any write-off of

Better co-ordination in thes areas by the regulatory anthorities would "contribute to a wholesome discipline on banks to avoid getting into re-scheduling situations and on borrowers to maintain policies that would make re-scheduling unneces-

Mr Wallich admits the task is not an easy one. "We will first have to address a number of questions such as: sbould reserves apply only to country loans or should they be maintained on re-scheduled commercial loans as well? How do regulators discern the difference between a refinancing and a re-scheduling? . Should all rescheduled loans be accorded the same treatment, or sbould supervisors have discretion? If reserves are to be set aside, how big should they be in rela-

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tion to the loan and bow long should they be maintained? "It is up to us to make sure that banks bave, or are on their way to achieving, adequate means to protect themselves

against soverelgn risks.

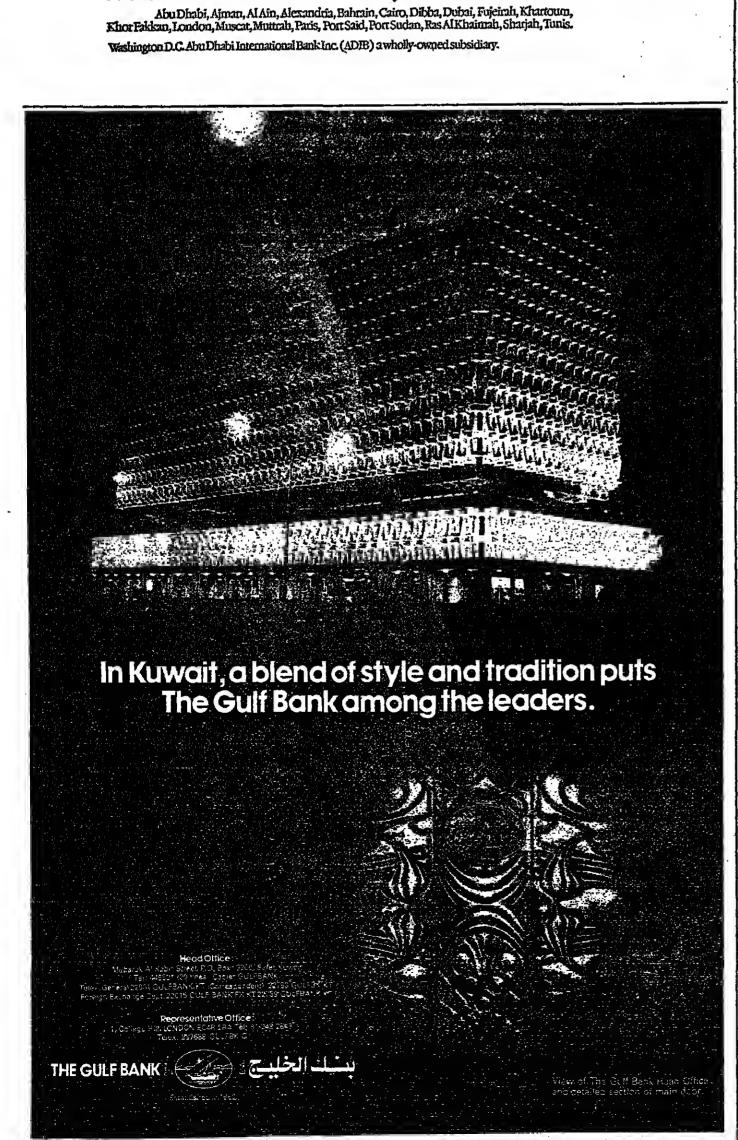
"We should ask questions such as: are they pricing this risk properly, building earnings that will offset any eventual global view—an organisation losses? Are they adjusting of this kind only makes sense in their capital to serve as a buffer their capital to serve as a buffer against potential international

The issues facing the world's banking regulators are probably more complex now than ever before. The banks are under increasing pressure to maximise their profits in a hostile world and this in itself is lkely to lead to growing tension between the banking community and the supervisory authorities.

Mr Gordon Richardson, Governor of the Bank of England, summed up the dilemma facing banks in a speech he gave to the annual assembly of the Bundesverband deutscher Banken in Bonn last December.

"Having been a commercial banker myself before I became inter alio a supervisor, I am well aware of the narrowness of the path that bankers have to tread; if you atray to one side; you may be exposed to public criticism for unimaginative conservatism, and if to the other, to private criticism by supervisory authorities for imprudent banking practice. In the last analysis, bowever, it must be remembered that without a sound banking system there is no way that domestic and international customers can be helped to adapt to present

APRIL, 1982



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TOP BANKERS: Profiles on this page reflect views of an international quartet—Britain's Timothy Bevan, Japan's Yusuka Kashiwagi, France's Jean Deflassieux and West Germany's Walter Seipp

TIMOTHY BEVAN-BARCLAYS BANK

Calm on risk exposure

"I THINK we need to be care-ful not to become over-vice-chairman of Barclays and ful not to become over-pessimistic about the periodic need for countries to reschedule their debts," says Mr Timothy Bevan, who has just completed his first year as chairman of Barclays Bank.

7 May 4 1980

Stan who had a

THE TANK NAMES

"You can't run for cover at the first drop of rain — that would clearly briog the whole system down." He stresses that international confidence is a fragile affair and bankers should not make sweeping generalisations from the experience of one country.

Just because Poland has turned sour does not mean that a bank should write off its entire Comecon debt. Banks needed to look at countries on case by case basis.

"I do not think there is an aternational banking crisis but is always possible to talk oeself into it. I hope people as more sensible now than they wre in the early-1970s."

In the other hand, says Mr Bean, " the days are gone when on can go on blowing up one'a balince sheet for fine rate busirest on the ground that it is relative. Quite clearly that situation no longer applies. What one has got to do is condut one's business in a relatively normal way and keep as large a number of eggs as possible in the basket."

from some bankers such semiments might be regarded close confidant of Mr Bevan, told U.S. financial analysts last year that the group's total sovereign risk exposure—" and I mean total "—is less than that

of Citibank's exposure to Brazil.
With assets of close to the equivalent of \$90bn, and 130,000 staff operating in more than 80 countries, Barclays ranks as one of the world's premier banks. Unlike bis contemporaries at rival institutions, Mr Bevan is the only one that can boast that his great grandfather was one of the bank's founders and first chairman.

Barclays' major thrust over the last few years bas been in North America, where It now has assets of more than \$10bn, over 5,000 on the payroll and operations in 35 states. The group has raised considerable debt in the U.S. which insulates it from exchange rate movements and it is also keeping a close eye on the regulatory upheavals.

Mr Bevan says: "We think we have got ourselves in a sufficiently mobile position that we are unlikely to be surprised by anything that happens and can reasonably exploit any opportunity that presents

Mr Brian Pearse, one of the bank's key general managers. has recently been taken out of the UK (much to the relief of some of his rivals) and assigned with a certain amount of scpeti-cism; but coming from Mr American operation, underlining Bevan it is clearly a philosophy the importance the group he, and his bank, adhere to attaches to the success of this

Over time Mr Bevan thinks it likely that the group will sell a stake in its U.S. operation to local investors, a policy it sees Itself pursuing in most major markets. "It is entirely wrong you are in any country where the local people do not have an interest in the operation."

Changes are also under way at Barclays Bank and Barclays Bank International (BBI)— the two main banking operatioos which have traditionally operated independently. It was easy to keep the two operations separate when the old Barclays DCO (the forerunner of BBI) was a "colonial bank" but now that it is a major international bank there are obvious areas of overlap.

"When you get large multinational corporations who want a credit line which they can draw in D-marks, sterling and dollars, you bave to face the question of who authorises it. the domestic or the inter-national board?" says Mr

"There must be a trend towards the centralisation of the machine," says Mr Bevan. To this end a small internal committee has been set up under Frank Dolling which looks at questions on a group wide basis and decides which division is going to pursue an initiative and the time scale. In areas such as tax and capital, a single corporation makes more sense.

Combining Barclays Bank and



BBI into a single entity would be far more efficient and reduce overlap. The difficulty is perfectly simple to explain, says Mr Bevan: "The larger the unit the barder it is to de-centralise and we are firm believers in decentralisation

which gives people a feeling

of running their own show." Another area to which Mr Bevan and his colleagues are giving considerable thought is oew technology. Barclays bas earmarked \$440m for capital spending this year, much of it on sopbisticated equipment to distribute its corporate and retail banking services.

"If any baok falls far behind io technology it will be in dead trouble," says Mr Bevan.
"Equally it is dangerous, one
has found, to be absolutely in
the van of progress because then
you get the idea when it bas
not been tried out." A bank has to have technology which is totally reliable.

WILLIAM HALL



YUSUKA KASHIWAGI-BANK OF TOKYO

'Tied to the world'

BANK OF TOKYO's president Mr Yusuka Kashiwagi would appear to be sounding a common chord among bankers when he declares "this will be a very difficult year."

"We are becoming more and more tied in the world," he says, mindful of the trouble spots which give increasing concern to bankers around the world. Closer to home Japan faces the problem of an overdevalued yen exchange rate, an arca in which the Bank of

Tokyo specialises. Judging by Japan's economic fundamentals "Kashiwagi "fundamentals" Kashiwagi believes that the Y230 or Y240 to the dollar level is "far too weak." He blames a "too high" dollar (itself caused by too large a gap in real U.S. interest rates — ie, interest rates wersus inflation). He also points, however, to a shrinkage in Japan's own current account surpluses compared with earlier expectations. For the fiscal year which began on April 1 Mr Kashiwagi expects the surplus to be about half the initial \$12bn forecast made by the

government. Kashiwagi sbares the view of many of his former colleagues in the Finance Ministry (where he served as a Vice-Minister for International Affairs before joining the bank in 1973) that Japan can do painfully little on its own to bolster the yen unless the authorities take the extreme step of declaring the yen's decline an "emergency." He seems in fact more alarmed gap" in perceptions between Japan and the West (especially Europe) of such things as the yen's weakness than by any basic problems

We should be commended for the economy," he quips, which though slowing, is still free of inflation and unemploy-ment problems. Despite outside pressures for Japan to change its ways of doing things Kashiwagi thinks it fair to ask that as long as Japan manages itself well "why change?"

Changes are coming anyway he believes, in a "process of evolution." This is partly because Japan is indeed becoming more involved with the rest of the world, and partly the special circumstances which make Japan a generator of capital through high savings much of which land with the banks.

Kashiwagi example, that Japan's own off-shore capital market is coming, though at least a year away. RICHARD HANSON JEAN DEFLASSIEUX—CREDIT LYONNAIS

مكذا مذلأصل

First of a new crop

conference, the new chairman of Credit Lyonnais insisted on going round to shake everybody by the hand, chatted up an Italian correspondent in Italian, seated himself at the far end of a table clearly made for chairmen to sit at the middle of, and apologised with a grin for not offering a sumptuous lunch like last year: "This year, it's the breadline."
M Jean Deflassieux, a 56-

year-old with the physical appearance of a combat-fit general, evidently does not care for fitting any top-banker stereotype. But then he is so much at home in the bank, he searcely needs to. He was the first in this year's new crop of chairmen for the French state sector. In general the Government

based its choices on professional rather than political credentials; in this case the candidate bad both. The job at Credit Lyonnais, one of the three big banks which were already under state ownership, came up for

renewal in February, a few weeks before the new wave of nationalisations took effect. The previous incumbent, M



had been President Giscard's chief aide and was "para-chuted" into the bank when its chairman was murdered in the street in 1976. M Deflassieux, by contrast, has been 34 years at Credit

He joined straight after completing his studies-which included a spell at the London School of Economies - and rose to became head of its international operations. He huilt up its foreign branches and repaired its weaknesses

in the U.S. and Asia. Last year his division gave the bank more than half its profits.

His banking career has run parallel to a Socialist Party career. From the 1960s he belped to formulate the bank takeovers which bave been part of the Socialist programme ever aince. His cherished scheme of a national investment bank modelled on Italy's Iri has failed to materialise hnt he has been closely involved in policy making, publishing under a psendonym.

An animated talker with a mischievous sense of humonr, he may have brought a new style to the banks management—ont no revolution. His reputation is for bard-headedreputation is for para-neancements and plain speaking. He defends his predecessor's policy of trimming Credit Lyonnais' 45,000-strong workforce; otherwise, he says, it would not have made its profits. The nationalisation law does not reduce the need to stay competitive. "Abroad there is nothing but competition," he says. And as fur Credit Lyonnais' relations with the other state-owned

banks: "We fight like dogs."

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WALTER SEIPP-COMMERZBANK

Rescue helmsman

WHEN Dr Walter Seipp, 56, quit Westdeutsche Landes-bank early in 1981 to take over control of the management of Commerzbank there were many German bankers who questioned whether the aggressive and at times abrasive luternational banker was indeed the right man to nurse the Federal Republic's. third largest bank back to

It was already apparent then that the tasks awaiting a new chief executive of Commerchank were of a kind which would require not only considerable patience in dealing with the shell-shocked top management of the bank int also close attention to grinding day-to-day detail, for it was as much inadequate. inadequate management systems as ill-judged deci-sions which drove the bank into operating losses in 1980 and forced it to abandon payment of a dividend.

It was clear too that whereas Seipp had built up his reputation as a man capable of riding the expansionary inter-national phase which the German banking industry enjoyed in the 1970s, for Commerzbank in particular the first half of the 1980s was of necessity going to have in be a period of consolidation.

Seipp made it clear from the start that whatever else might be decided at Commerz-bank there was going to be no doubt who would be the boss. He was appointed chair-

man of the managing board, making it clear that he intended to be more than the primus inter pares implied by the title of "speaker" held by many of the big commer-cial banks' chief executives. In his first year of office however. Dr Seipp has gone

ont of his way to try and prove the sceptics wrong. There has been no wholesale restructuring of the top management of the bank. indeed it was not until March of this year that Herr Englebert Dicken, the Commerz-bank board member who was most directly criticised for the mistaken funding policies of the past, officially resigned. Dr Seipp seems to have accepted that for Commerzbank the possibilities of attracting new top quality senior executives would be limited.

At a nnts and bolts level too the international banker has been hard at work. A new financial information system has been developed to give the bank day-to-day control of both sides of the balance sheet. At the same time, with top management now in a better position to monitor the bank's business, steps have begun to be taken to delegate more authority to local

management: With around DM 20bn of fixed interest long-term loans atill not profitable because the cost of funding is higher than the rate of interest being earned on the credits, con valescence promises to take



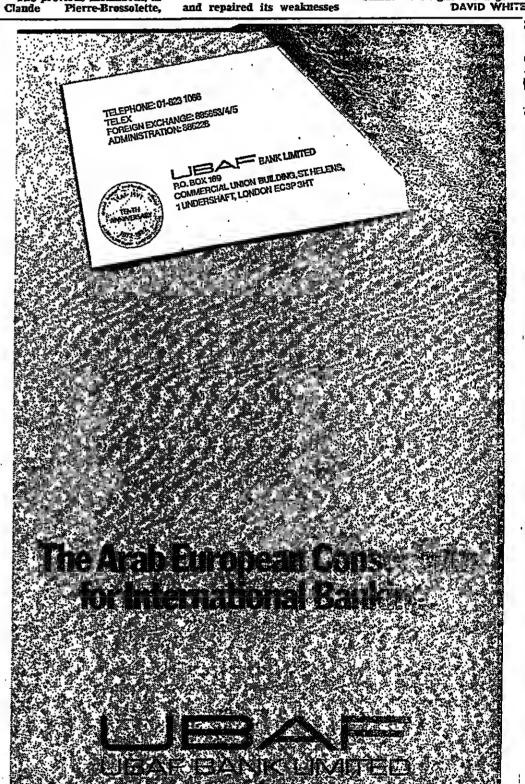
some time. Dr Selpp has pre-dicted that 1982, like its two predecessors, will see little if any increase in the volume of the bank's business. Instead the restructuring of both sides of the balance sheet aimed at improving the profit-ability of the bank at its current size remains the priority. He has, however, held nut the hope that 1982 will see the resumption of dividend payments, although almost certainly not at the levels of the past.

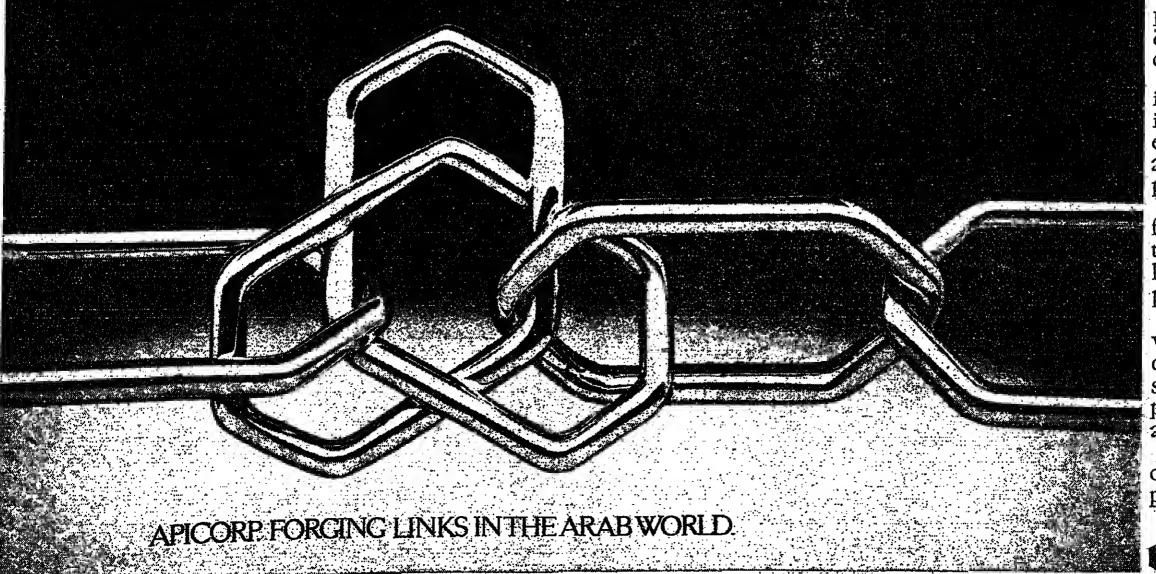
At least today, however, the hank can comfort itself that the recovery process seems likely to be taking place in a more favourable economic climate than has prevailed for most of the past two years. German interest rates have been heading down for the past six months, easing the hurdens of the past and open-ing np new profit opportuni-ties for the future.



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WORLD BANKING VIII

COUNTRY PROFILES: The rest of the survey reviews the fortunes of the banking communities in the countries of the Common Market, including associate and prospective members, in the Nordic Region, Switzerland and East Europe's Comecon

Sharp increases in bad debt provisions

wheo pressure on their profit wheo pressure on their profit margins will restrict their ability to adjust and respond.

Most of the larger Dutch financial institutions have established venture capital subsidiaries after the relaxation of central bank controls. The funds committed remain small, and the difficulties faced by many commanies meant that

central bank controls. The funds committed remain small, however, and with many bankers doubtful of the value of this form of financing, it remains to be seen whether they will be a success.

A plan to merge the existing

three interbank transfer sys-tems, operated by the Post Office Giro, the commercial banks and the central bank, will also in-volve a great deal of study. This issue has been one cause of a deterioration in the rela-tions between the bank uninns and the employers. Faced with and the employers. Faced with the threat to jobs posed by the threat to jobs posed by various forms of automation the union; bave, by Dutch stanthe union; bave, by Dutch stanthe union; become more last year by 65 per cent to a last year by 65 per

militant.

The competition between the varinus institutions continues to grow tougher. The Post Office has high bupes of starting the much delayed "Postbank" io 1984, offering a range of services much broader than the existing Post Office Savings Bank and Giro. Meanwhile the Robeco investment group has record F1 495m while its largest universal banking rival, Amsterdam-Bank (AMRO) upned its provisions by 66 per cent to F1 475m. The rates of increase at Rabobank Nederland, the agricultural co-operative, and at Nederlandsche Middenstandsbank (NMB) were 25 and 48 per cent.

ABN's extensive foreign network is provision.

THE DUTCH BANKS face a already attracted considerable challenging decade al a time funds. By cutting costs to the wheo pressure on their profit bone and using its investment

by many companies meant that sizable increases in the banks' provisions for bad debts were necessary. The banks' total provisions are kept a closely-guarded secret although annual additions are announced.

Dr Andre Batenburg, chair-man of Algemene Bank Neder-land (ABN), revealed last month, bowever, that there were indications that the banking community as a whole bad withdrawn more from provisions in both 1980 and 1981 than they had set aside.

Robeco investment group has work is proving an increasing ruffled banking feathers with the launch of its Roparco depressed domestic credit marsavings account which has ket. Business carried out by its

52 per cent of pre-tax profits in 1981 compared with 46 per cent the year before. As a share of the balance sheet foreign business rose to 35 from 31 per

ABN was alone among the top four Dutch banks to increase profits at the net level. Against ABN's rise of 10.5 per cent. Rabobank experienced a 1 per cent fall, Amro a decline of 5 per cent and NMB a 19 per cent

Netherlands CHARLES BATCHELOR

drop. These three banks are all expanding their foreign net-works although mey still lag a long way behind the ABN. The problems faced by the four largest institutions are small, bowever, compared with the position of one of the smaller banks, Slavenburg's, and the specialised mortgage banks.
Credit Lyonnais, one of the
major French state-owned
banks, took a 50 per cent stake in Slavenburg's early last year and subsequently increased its bolding to 78 per cent by taking up a new sbare issue. Slavenburg's was able to show

foreign offices—and excluding a nominal FI im net profit last foreign business trasacted from year but only by drawing down the Netherlands—contributed FI 125m from its general erve and after setting aside F1 79m in provisions for debts. The Dutch Bank bas forecast an improvement in gross revenues this year but some nbservers wonder whether Credit Lyonnais realised the full extent of Slavenburg's prob-lems when it first became involved.

> The mortgage banks have been hard hit by the sharp decline of the housing market decline of the housing market though there are now some signs that a recovery is under way. After the Tilburgsche Hypotheekbank's slide into the red in 1980, the largest of the independent mortgage institutions, the Westland-Utrecht Hypotheekbank (WUH) made a considerable loss last year.

Despite the pressure nn their profits in recent years the universal joint stock banks have proved the most successful at adapting to changing conditions. They have maintained or in-creased their share in a number nf important markets compared with the co-operative savings banks, the mortgage banks, the Post Office bank and the life insurance companies, Mees and Hope, ABN's merchant banking subsidiary concluded in a recent

The universal banks increased their share of savings accounts to 28 per cent in 1981 from 18

DUTCH BANKS' 1981 RESULTS

	Balance sheet total F1 bn	change	Net profit Fl m	change
ABN	122.6	+13	342	+10.5
Rabobank	110.4	+13	525	- 1
Amro	109.6	+16	263	– 5
NMB.	55.5	+16	147	-19

gage lending market to 25 from 11.5 per cent in the same period. operative savings banks to merge into ever larger groupings. The size of the combina-tions now being formed matches many of the smaller Dutch universal banks. The merger of three savings bank groups in Amsterdam, Rotterdam and Breda in mid-1981 into the Centrumbank produced an institution with a balance speet of more than FI 7bn, with 291 branches and some 1,700 staff. The three largest savings banks now account for more than half of the total Fl 20bn balance

ings bank movement, A proposal for the establishment of a state-owned Postbank, comprising the Post Office Savings Bank and postal Giro, but armed with broader lending powers, bas been under discussinn for several years. The idea has taken on new life with the

sheet of the entire Dutch sav-

has taken on new life with the return to power last year of a left-of-centre government.

Efforts have already been made to extend the range of services the Post Office Savings Bank/Glro may offer. It may now iosure the package inlidays which (like other Dutch banks) it sells and there is the prosit sells, and there is the pros-pect it may be allowed to pro-vide other insurance services. But the big prize which can nnly be won when the Postbank is formally established will be the granting of commercial over-draft facilities and the acceptance of deposits from commercial customers.

per cent in 1976 while they bave opposed the establishmer raised their stake in the mort- of a large state-owned rival. The most ambitious of bankers' plans is for the cuttion of a unified payments trasfer system among the count's financial institutions, the thi nical, social and commedal

aspecis are currently study The aim is to speed up ans-fers in the interests of both the banks and their cliers, in cut costs and to preven the development of even more

private transfer systems
Mr Onno Vogelenzang chairmr Onno vogelenzang chairman of Amro, recently described the existing sparate transfer systems as efficient and highly automated but the interface between them is "tearly mediaeval." The daily average 280 000 transfers between the mediaevai. The daily serage 280,000 transfers between the banks and Post Office systems must be processed minually while many billinus of guilders annually are held up for two or three dars longer. or three days longer

The most far-reaching charlenge to traditional attitudes has come with the establistment of venture capital conpanies by the banks and other

tradition have until recently meant that the banks, unlike their West German counter-parts, kept an arm's length between themselves and the companies they financed.

Since September 1980 they have been responding cautiously to the central bank's decision to allow them to take un 49 per cent in a con-bank, provided they invest no more than FI 2.5m for no longer than five years-The banks' investment so far-bas been modest hut the idea, The Post Office Savings Bank/ bas been modest hut the Idea, Giro now hopes that the Post-if successful, could prove a use-baok will be created in January ful contribution to the revival The commercial banks of Dutch industry.

Lambert group in significant move to shed its banking arm

AT SOME print in the coming of its banking arm, proposes to months an extraordinary event negotiate the sale remains to be is due to take place in the Bel- seen. It could either be en gian banking sector. A full quarter of the equity of nne of quarter of the equity of nne or the country's largest and most powerful banks. Banque Bruxelles Lambert, is to be soid merely unknown and almost cerminal still and cided. What

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finance, national and

a massive slice of its banking side. Indeed it is an action that says more about the pre-sent problems and the prospects of Belgium's banks than do many financial analysts in de-

talled reports.

It would be fairer to say that banking in Belgium has during the past year been going through a period of great turbulence rather than through a very rongh patch, for some banks' balance sheets and operating profits are healthier year before. But there has been something close to a deluge of shake-outs and crises in the sector that have not only pushed the normally retiring banks on to the newspaper front pages but also have tended to point to the underlying structural difficulties besetting banking.

The chief drama has been that involving the Bruxelles Lambert financial empire in a coup that has given a blocking minority to a group of outside

minority to a group of outside interests led by veteran steel magnate M Albert Frere. Rather less visibly, there have been other episodes concerning soured Saudi Arabian deals for Kredietbank, the thrusting Flemish bank that is the country's third largest, and such worrying straws in the wind worrying straws in the water suggesting instability among the smaller private banks as the emergeocy hail-out of the Namur-based Banque Copine.

Namur-based Banque Copine.

The common denominator for Belgium's banks, large and small, is that Belgium's faltering economy and rapidly deteriorating state finances have not only created extremely difficult conditions for the sector but bave also imposed an increasingly intolerable lending burden on them. In the period 1975-80 the banks' funding of the state deficit has required annual increases from their coffers of BFr 65bn a year, the total for a year is currently approaching BFr 800bn.

The Association Belge designed and small increases of the state designed in the total for a year is currently approaching BFr 800bn.

approaching BFT 800bn.
The Association Belge des
Banques has just complained in
its 1981 annual report that the
State's demands last year hit
BFr 750bn, which marked a
doubling in three years.
The hanks would not

The banks would not com-plain so lnudly of being dragooned into financing public sector debt, or of the high interest rates they say are undermining their traditional fixed rate lendings, were it not for their dwindling profitability. The Association Belge des Banques not long ago pointed out that "a bank which works for a year with assets of BFr 100 comes away with a profit of only 26 centimes, or barely half of what it would have made in 1970." The profit records during recent years of Belgium's Big Three banks bear out that assertion, for while their balance sheets have on the wbnle shown bealthy year-onyear growth, their net earnings have been stagnant when not actually in decline.

The top bank — Societe
Generale de Banque, which is
the banking arm of the giant
Societe Generale de Belgique boldings group — recently revealed that its financial performance in 1981 had marked an improvement on the previous year but that net profits were still lower than in 1979. On a balance sheet that had increased by over 12 per cent to reach BFr 1.124bn, earnings for last borrowing these fur year had progressed by only 2.5 the inter-bank mark per cent over 1980's level of expensive business.

seeking to divest itself of such BFr 1,911bn to stand at BFr 1,959bn. Both earnings figures compare poorly with the 1979. profits figure of BFr 1.99bn, even though the volume of business being handled by Societe Generale de Banque has increased considerably during

Soaring costs, in a banking system grown so elaborate that in 15 years the number of branches serving each 100,000 inhabitants in Belgium's 10m population has grown from 24 to 37, is an important factor. for 1981 than they were for the Not all the difficulties that year before. But there has been Banque Bruxelles Lambert ran Banque Bruxelles Lambert ran into in 1980 were due to overmanning — static deposits by its Belgian customers played an important part in its 1979/80 profits fall to only BFr 512m from BFr 75m the previous year. But stringent cost-cutting and staff reductions did much to belp restore matters fur the

> Belgium GILES MERRITT

year ended September 30 last, when net earnings climbed back to BFr 1.1bn.

Kredietbank, which in recent years bas carried off almost all the prizes for dynamic growth, is also beset with stagnating profits. Its 1981/82 financial ended March 31 is expected to produce an earnings figure virtually unchanged from the BFr 1.76bn of the previous year, and even though some exceptional items of loss are partly responsible, the figures accord poorly with a balance sheet at mid-year up 16 per cent

to BFr 537bn. That these increasingly lnw returns on fuods employed by all the major Belgian banks are behind Groupe Bruxelles Lam-bert's proposed sale of part of the equity of BBL now seems in little doubt. Nor is M Frere, Belgium's new financial wizard, who before tackling GBL wrested cootrol of the country's major Cobepa financial buildings group from Paribas France, likely to forget that over-reliance on banking was probably GBL's downfall.

The Belgian banks' ability, despite their problems of

profitability, to satisfy the in-creased needs of the country's public and private sector borrowers is nevertheless im-pressive. Although it is often argued that the Belgian state's borrowing requirements mop up domestic funds at the expense of industry, the figures suggest that is not entirely so. During the period 1975-80 bank credits in the Belgian private sector rose from BFr 515bn at a rate of increase of an average BFr 104bn yearly to reach BFr 1,035bn, During the fiveyear period before that, 1970-75, the average yearly rate of increase was about half that, some

BFr 52bn. The major snag, however, is that during that time the pro-portion of lending supplied from domestic deposits bas shrunk from some 90 per cent to just over 80 per cent. The attractions of avoiding Bel-gium's 20 per cent withholding tax and endemic worries over devaluation of the Belgian franc have encouraged such capital outflows. But for the banks, borrowing these funds back on the inter-bank market, it is an

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WORLD BANKING IX

	WEST	GERMAN	BANKS	PE	RFORMA	NCE	1981		
Deutsche Bank	as (DM	oup Per sets cent l bn) change 6.4 +10.0	Parent bank assets (DM bn) 114.5	Per cent change +10.0	Parent ban interest surplus (DM bn) 3.4	k Per cent change +21.4	Parent bank net income (DM m) 242.0		Dividend DM 10 (10)
Dresdner Bank	17	0.0 + 6.7	79.6	+ 5.0	1.7	+14.5	139.0	-16	4 (6)
Commerzbank	10	13 + 1.3	64.3	- 0.6	1.1	+14.6	nil		mil
Bayerische Vereinsbank	· 9	8.3 + 6.4	56.5	+ 7.8	0.9	+16.1	109.9	+10	9 (9)
Bayerische Hypo	. 8	9.2 +16.9	60.1	+ 5.8	0.9	+11.0	81.8	+27	7,50 (7)

International activity will remain subdued

FOR THE first time for almost two years West German bankers dividend at all for the second look forward into the immediate future without the The key to the more Bank and Westdeutsche Landesbank over DM 10bn.

Bank and Westdeutsche Landesbank over DM 10bn.

On top of this burden the rise stantial improvement in lending margins on new business which grim sense of foreboding which has been the constant companion of so many of them since the middle of 1980.

ordic

The combination of a dramatic and unexpected change for the worse in Germany'a economic performance in that year and ill-jndged management decisions ripped holes in the profit and loss accounts of all but the most adroit banking in-stitutions in 1980 and much of 1981. But as last year drew to a close and the German central bank, the Bundesbank, found room to begin to relax its tight monetary policy the bankers themselves began to shake off the pessimism which bad gripped them and to face up to the formidable problems which still lie ahead with rather more confidence than seemed likely even a few months earlier.

One indication of the change in mood was provided by the Bayerische Hypotheken und Wechsel Bank, which after having cut its dividend from DM 9 to DM 7 in 1980 announced that it was to pay a DM 7.50 dividend for 1981, a reflection of the improving outlook in the

That the burdens of the past will not be so lightly disposed of in all cases was underlined by the dividend decisions of the second and third largest banks, Dresdner Bank and Commerzbank. Dresdner announced a they were suddenly being second consecutive cut in its forced to fund a substantial proannual dividend while Commerz portion of these loan portfolios bank, despite a significant at 12 and 13 per cent, so incurrecovery in earnings from the seriously depressed levels of the previous year when it escaped

The key to the more optimistic mood in the banks was the significant improve-ment in West Germany's international economic performance. After the world record current account deficit of DM 30bn in 1980 last year saw the deficit almost halved to DM 17bn against the background of early signs of a slowdown in domestic inflation and a stronger per-formance of the D-Mark on the

West Germany

STEWART FLEMING

foreign exchanges as the year

These trends enabled the Bundesbank in October last to begin to ease the tight monetary policy it bas introduced in February when it announced a dramatic 3 percentage points rise in its Lombard facility with the introduction of a "special Lombard" rate of 12 per cent. For the banks the abrupt rise in both short- and long-term interest rates which followed

the Bundesbank decision was a nightmare. Many bad aggressively expanded their lending during 1976-78 through making fixed interest loans at 10 per cent and lower. Now ring losses. The scale of the problem varied from bank to bank. Commerzbank's mis-

threatened to force the banks to make further beavy writeoffs on their fixed interest bond portfolios

The recession in the domestic economy also meant that lend-ing volume was stagnating at home. Internationally the banks' own increasing caution and the mounting pressures from German regulators for the banks to submit consolidated accounts which would require stronger capital back-ing also curbed the private

banking industry's expansion. Not all banking groups were equally hard hit of course. Thanks to its strong position in the market for cheap savings deposits and its ahrewder judgment of international and domestic Interest rate trends, Deutsche Bonk, the industry leader, avoided the worst of the industry's problems, as did Bayerische Vereinsbank.

In October, however, the Bundesbank took the first steps to adjust its monetary policy by cutting the "special Lombard" rate from 12 per cent to 11 per cent. The steady decline in rates at both the short and the long end of the market, which bas continued since then and bas brought yields and money costs down to the 9 per cent mark, not only virtually eliminated any need for the banks to write down bond portfolios at the end of the year but also presented them with big profit-making

opportunities. produced hefty capital gains and the banks' profit-conscious previous year when it escaped bank. Commerzbank's mis-lending policies, according to continue to have a much lower declaring a loss only by draw-matched loan portfolio was over which they reduced their lend-profile around the world than ing heavily on hidden reserves, DM 20bn, those of Dresdner ing charges much more slowly seemed likely a few years ago.

margins on new business which had been undertaken at peak rates during the year.

Thus as they presented their annual figures some banks were improvement Shareholders, bowever have by and large not been invited to share in the end-year bonanza by way of bigher dividends. There are a variety of reasons for this.

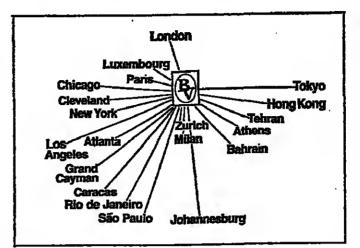
One is that the banks are well aware that there has been a change of climate in the past two years and that in future they will bave to generate more instead of making the regular calls on their owners for new equity which was such a feature Internal capital generation is reinforced by the expectations that a reform of Germao bankthe banks having to operate with a stronger publishen capi-

Another consideration which is influencing the bankers is their perception of the increased risks in their portfolios.

The challenges the banks face

in their domestic markets, the demands their customers at home will, make on them as the economic cycle turns up and the the bigger banks which bad played so aggressive a role in international markets in the 1970s all suggests that with the exception of Dentsche Heavy investment in bonds Bank, which has performed so roduced hefty capital gains strongly in the past two years, nd the banks' profit-conscious Germany's banking industry ways.

Good results for Bayerische Vereinsbank in 1981



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Bayerische Vereinsbank Group 31.12.1981 98,301 **Total Assets** Due to Customers and 38,425 Loans in the 28,521 Banking Sector Bonds Issued in Long Term 53,990 Loan Sector **Lendings in Long Term** 55,184 Loan Sector Capital Resources 2,324 112 Consolidated Profit in millions of DM 12,632 Staff **Branches**

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State takeover leaves few scars

The French Government has taken 36 of the country's banks into state ownership this year. It is a measure without precedent in West Europe since the became clear last summer it caused a great deal of trembling among bankers and industrialits over the threat of state

directed lending.

Bankers and their clients still remain apprehensive of increased government control over lending, interest rates and money market operations. But few of the worst fears have so far materialised, and French bankers still rub their eyes in disbetief that after the storm clouds of some months ago the landscape around them appears so little changed. "The reforms that are being talked about now are the reforms that have been in the air for years," says one banker who believes that out of the mountain has emerged a

There are several factors that make for continuity. The new chairmen of the banks have in moat cases proven managerial experience and could as easily have been appointed to their posts by the previous govern-ment as by this one.

M Jean-Yves Haberer came

: [5

from being Director of the Treasury to head Paribas. M Rene Thomas, a graduate of the elite Ecole Nationale d'Adminis-tration (ENA) the new chair-man of BNP was already an assistant director of the bank.
M David Dautresme who sataken over Credit du Nord is also an ENA graduate with years of experience at Credit Lyonnais behind him.

The letter that each new chairman has received from M

believing that profitability will continue to be a major criterion of management is that the banks are expected to contribute heavily to paying off the com-pensation costs of nationalisation. Their own operations abroad would also become more difficult if their profitability and capital ratios remained weak.

However, nncertainty still remains. M Delors and his advisers must want to tread warily, but that is not the case with the more militant in the Socialist Party. Their main aim following the nationalisation of credit is to see funds directed towards long term lending for industry, in line with priorities

The major decisions have yet to be taken on the new banking law to be put before the National Assembly later this year; on the Bloch-Laine report on the reform of the banking system, which has retained some of the more radical Socalist proposals such as making the banks directly depen-dent for their refinancing on the Bank of France rather than on the money market; and on the report on savings recently submitted by M Dautresme, the new head of Credit du Nord. Above all the fear of Govern-

Jacques Delors, the Minister of Finance, specifying his immediate task—the only formal When the full scope of statement so far of what is Socialists' ambitions expected of the newly nationalexpected of the newly nationalised banks—put the emphasis on continuity and maintaining a healthy balance sheet. The strongest reason for

set by the State.

from the belief that the pressure of trying to finance bigher withstand will tempt the French banks, the Government Government to use the banks as a milch-cow. There are levels of state expenditure and a milch-cow. There are some signs of this happening already. M Laurent Fabius, Minister of the Budget, bas said that the reduction of industry's tax bur-den recently announced by the Government would in part be financed by a new levy on the

If the full impact of nationalisation has yet to be felt, two changes have taken place affecting the environment in

> France DAVID HOUSEGO

which banks operate. In an attempt to provide cheaper credit for industry, the Government has beld down banks' base lending rate while raising money market rates to protect the parity of the franc. At its worst in March this meant that the cost at which banks bought funds on the money market—a peak 18 per cent during last month's speculation against the franc-was four points above a lending rate of 14 per

cent.
The banks most badly hit by this have been those without their own deposit base—most of the foreign banks and French banks such as Paribas, Indo-Banque de l'Union ment intervention stems most Europeenne, Worms, and Credit

Commercial de France (CCF) which are more dependent on the money market for their of this gap between the rates as a regrouping of banks to bring together those with resources of their own and those who currently rely on the money market. But over the past year those French banks dependent for funds on the money market bave seen their margins on their French activities badly

The second change has flowed from the Government's decision in September to limit the interest that banks can pay on most term deposit accounts in an attempt to push savings into longer term instruments. The result bas been a substantial ahift of funds. Term deposit accounts which had grown by 26.7 per cent in the January August period last year on Bank of France figures contracted by 12 per cent in the past four

months of the year. The shift of money has been into current accounts—other savings accounts and to limited extent bonds. The movto current accounts, on which banks pay no interest, bas helped boost margins for banks with a large deposit base and minimum call on the money

Banks and money market operators have developed a new type of mutual fund—the so-called "fonds communes" to "fonds communes" to provide through the bond market the higher returns that investors could obtain through term deposit accounts.
Of the changes in the bank

ing sector that are in the pipe line, the most substantial in the near future is likely to be some regrouping of banks, both 10 take account of their resources hase and the fact that nation alisation has deprived some of thein, such as Rothschild, Vernes and Union Europeenne of their specific roles.

Of more radical measures once under discussion, little is now heard of abandoning "encadrement" — the system of annual credit ceilings imposed on banks in France and which both bankers and Socialists have attacked. The idea of a new atate investment bank has been dropped, and M Delors still appears hostile to banks obtaining their refinanciog at fixen rates directly through the Bank of France.

Potentially the most radical change remains the application of a new credit policy under which banks would lead long term in line with the priorities set by the Government. However, the Government has no yet decided on its priorities nor on how it wants banks to apply

Key Figures Rabobank 1981

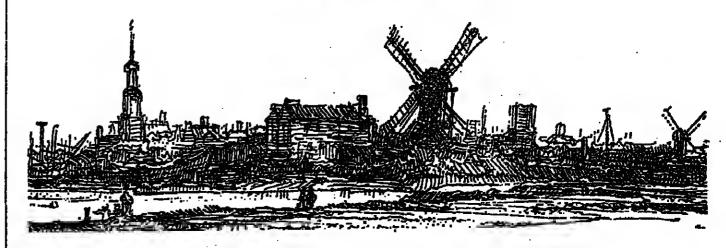
Key Figures as of December 31, 1981. (in millions of Dutch guilders).

Total assets	110,433
Total loans	67,824
Total deposits	82,571
Net income	525
Number of:	
Offices	3,071
Employees	27,938
Savings accounts	8,510,000
Personal cheque accounts	2,840,000
Other current accounts	410,000

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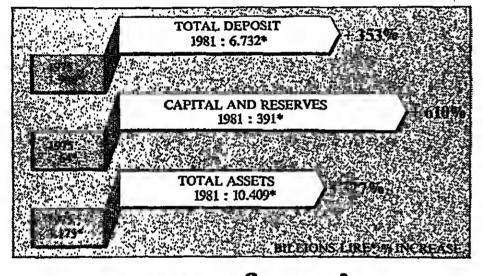
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WORLD BANKING X

All the trappings of a good year

annual report of Barclays Bank, related financial services were Britain's higgest bank and one up 45 per cent.
of the most profitable in the The main feature

Following its foray into the have been as follows. U.S. capital markets Barclays is The UK author to the American form of disclosure; tucked away in the footnote to the latest accounts is a table which shows that the interest margin (net interest income as a percentage of average interest earnings assets) on domestic business was 7.2 per cent last year. This compares with 2.7 per cent on the group's international business.

The other British banks do not discinse this sort of information, unfortunately, but it is clear that while their margins might not be as spectacular as those of Barclays, they are still doing well. This bas insulated them from the worst ravages of the recession both in Britain and the world at large and the Big Four clearing banks managed to reduce their overall charge for bad and doubtful debts during the year by some 5 per cent

British hanks had a good year in 1981. The combined pre-tax profits of the Big Four rose by 15 per cent, comfortably ahead of the domestic rate of inflation. According to a recent fifth study by W. Greenwell, the City ing.

IF ANYONE is in any doubt total, increased their aggregate the UK banking system were about just how profitable domes earnings by 11 per cent last tested for the first time when the hanking is in Britain he year; the international operation when the Hongkong & Shanghai Bank should turn to page 83 of the tions were up 30 per cent and launched a \$500m bid for the

> The main feaures of the last 12 months in British banking

• The UK authorities last the first UK bank to move closer Angust brought to an end the era of "Competition and Credit Control" launched in May, 1971 and introduced a new system of monetary control operating to impose a "windfall profits" directly on banks reserves, tax on the banks for the second Minimum Lending Rate, cash ratios and minimum reserve requirement were all aholished

United Kingdom

WILLIAM HALL

and replaced by a uniform requirement that all banks lodge per cent of their eligible liabilities in a non-interest bearing account at the Bank of

 The hanks launched a major attack on the home loan market, traditionally dominated by the huilding societies, and hy the end of the year were doing two-fifths of all new mortgage lend-

Royal Bank of Scotland against the Bank of England's wishes. The Monopolies and Mergers Commission rejected the bid along with that from the Standard Chartered Bank for the Royal Bank, Clarification of the Bank of England's powers in this area is needed, however. • The Government decided not

year running hut has upset the banks chairmen by saying: "We shall need to give much further thought in the coming year to the problem of how best to ensure a sufficient contribution tax revenues from the hanking sector." Midland Bank made the

higgest foreign takeover of a U.S. bank when it paid \$712.5m for a 54 per cent stake in California's Crocker National Corporation. The "alliance," as it is referred to, has produced one of the 10 leading hanking groups in the world, with assets of around \$800n.

On June 1 last the clearing banks ahandoned several agency agreements covering common charging policies, including one whereby personal customers of one hank could cash cheques without charge at any other clearing hank. Several bankers argued that this damaged the public's perception of study by w. Greenwen, the city stockbrokers, the banks domes
The Bank of England's industry hut others said it was tic operations, roughly half the powers to regulate takeovers in evidence of the more competi-

BRITAIN'S MAJOR BANKS 1981 Pre-tax

	Assets (£bn)	Growth per cent	profits (£m)	Growth per cent	tion (£m)
Barclays	48.8	31.4	566.6	8.2	1,250
NatWest	43.3	25.3	494.0	20.5	990
Midland	41.0	61.8	232.2	·	525
Lloyds	27.7	39.2	385.6	33.0	748
Standard Chartered	19.8	28.6	260.4	12.0	540
Ryl. Bk. of Scotland*	7.8	26.3	107.9	5.3	244
Grindlays	4.5	16.6	34.5	2.4	61
Bank of Scotlandt	44	22.2	47.2	9.0	131

* Year end September 1981. † Year end February 1982.

tive climate.

up again. However, on balance average hase bank rates fell by around a fifth to 132 per cent. The banks responded by widen-ing their margins between deposit and base rates to holster their profits.

Industrial borrowing was sluggish for much of the year. Companies were running down stocks and curtailing investment, added to which the Civil Service staff dispute left sizeable amounts of unpaid taxes with the corporate sector, all of which reduced their demand for

funds for much of the period.

By contrast the hanks increased their lending to the been restricted by official controls hut since the ending of the so-called "corset," in the summer of 1980, the banks have been expanding their personal lending rapidly. The attractions are that it is relatively high-

last decade. Aside from increasing their loan portfolios the UK

by squeezing the building Within their domestic market societies margins and prevent K banks faced a relatively ing them from paying above the

Market

UK banks faced a relatively difficult year with many of their corporate customers. Interest rates fell in the early part of the year before chimbing hack they war to mid-February the London clearing hanks they war to mid-February the London clearing hanks they are the london clearing hanks the london clear the london clea folio to more than £4bn and UK banks as a whole are now lend-ing at the rate of over £300m a, month. The building societies are hecoming resigned to the fact that the banks are in this

market to stay.
The other new feature which the banks have had to adapt over the last year bas been the new system of monetary controls. The changes are a move in the direction of monetary base control, although they fall far short of the full thing. In addition, although the new system is supposed to give greater play to market forces, it is clear that the personal sector very substantauthorities are still as ready as tially. For years this lending bas ever to signal what they feel

ouyers virtually risk-free.

Their main target has been banks to its list of hanks whose banks to est list of hanks whose paper it will buy during its money market operations. volumes going through the mar-ket the "bill on London"banks helieve that their invasion traditional instrument of interof the home loan market will national trade—has had a wel-help repair their deposit base come revival.

Difficult task ahead to maintain profits

IRISH BANKS, particularly at allowed to grow by more than the retail end, face a period of 14 per cent this year.

exceptional husiness and All of this means there is political difficulties. The chill little optimism about an early winds now blowing feel all the fall in interest rates. Some harsher hecause of the favour top hankers fear that the able climates which Irish banks enjoyed during the 1970s.

During that decade, real whittled away by the cost of

During that decade, real growth in the Irish economy averaged over 3 per cent. The four retail hanks—known in Ireland as the associated banks (AIB)—saw their total re-sources grow by almost 20 per cent during 1971-76 and by the same percentage again hetween 1976 and last year.

The growth in the merchant and industrial hanking sector sector, which now includes some of the hig names in international hanking, grew by almost 50 per cent during the

This growth was reflected in profitability, and in benefits to 1t was either that or write off the sharebolders. Earnings and the dehts and face the odium dividends per share grew by of evicting farmers from their more than 20 per cent per land.

two banks in the Republic, Bank of Ireland and Allied Irish, net profits as a percentage of gross assets that year reached 1.35 per cent and 1.12

with little real growth, has obviously inhibited bank performance. Rising inflation and interest rates have curbed deposit and current account growth, as has stiff competition

March 1981 net earnings per share increased by 10 per cent Finance, even though per annum at Bank of Ireland and 14 per cent at AIB. Profitability continues to be

above tha levels of the early 70s; the 1975 period was one where conditions were exceptionally favourable. The fact remains that present

Irish conditions are unfavourable and apparently worsening. It is going to be difficult for the banks to maintain their record in the face of continuing 20 per cent inflation, near-zero econo- from this arrangement, as well mic growth rates and continuing pressure on liquidity.
Interest rates have already

heen forced by this pressure to over 20 per cent for ordinary horrowers. Even the top companies must pay 19 per ceot for their money.

These record rates do not sure to any significant degree and bankers fear rates may go yet higher. The intractable balance of payments deficit and the continued high government sources of stress.

The pressure may increase as the Government tries to reduce foreign borrowing and seeks more funds on the domestic market. The central hank, which can only put its finger in the private sector dyke, while the tide of Government credit expansion washes over it, is none the less plugging the dyke as

were delayed by the fall of the Government in January, the cost of this will be Total lending will not he 25 per cent on pay over the

next four years, on top of the current 15 per cent 15-month All of this means there is eements may follow it. Senior bankers gloomily concede that this will push the pay-

money. money.

The hanks are already feeling the impact. The bad debt provisions for this year "will frighten everyone," in the words of a hanker. The banks have joined in a IEIOm rescue scheme for some of the country's worst affected farmers.

branches.

gested tha

15 per cent in 1983.

hy 3 per cent at AIB.

The argument is Irish banks are still hasically

Covernment brokers Riada and Co., in a review of the big two banks earlier this year,

endeavoured to isolate underly-

ing profitability from these exceptional factors. They sug-

come would increase by around

Riada and Co. were assuming, however, a levy of I£10m, so their forecasts for actual profits

this year are somewhat optimistic. Even so they expected net profits to show no growth

at Bank of Ireland and to fail

profitable and that there has been a run of exceptional fac-

tors going back to costs asso-

the technology deal and the

of Irish hanking to show

with Ireland's joining the EMS and running up to

me banks net in

rrerand

BRENDAN KEENAN

annum during the period.

With hindsight it is clear banks can do without right now. that a high-water mark was on top of these difficult condireached in 1978. For the hig tioos—"the worst in 60 years," said one banker-has come the

issue of the bank levies.

Levies first appeared as part of the emergency hudget which the newly elected Government per cent respectively.

The general deterioration in duced last July. The idea clearly the Irish economy since then, came from the UK levy on windfall profits although Irish hankers claim that they made

no similar profits. But levies reappeared in the full hudget of January and bad tripled to 1£15m. That budget from building societies, which offer tax advantages.

The hanks, though, have ridden out the storm with remarkable success. They have certainly continued to be profitable; in the three years to a new source of revenoe for

a new source of revenoe for hard-pressed Ministers for present incumbent, Mr Ray McSharry, has said the whole question of bank taxation will be examined.

Although banks are liable to corporation tax at 45 per cent, their actual tax charges are much lower. This is because of the growth in low interest loans and leasing deals to industry, which reduces the banks' tax liability.

The banks benefit marginally as obtaining extra business hut the main benefits accrue to the companies concerned; this type of business has become a major inceotive for Irish and foreignowned industry. The hanks have not heen

able to get this message across, however, and there have been appear to have eased the pres- growing demands for them to sure to any significant degree pay more tax. Bankers feel particularly aggrieved because Ministers, who are aware of the facts, bave tacitly accepted the argument that the banks should horrowing (estimated at over pay more—despite the privately I£1.6bn this year) are major expressed reservations of the expressed reservations of the central bank.

It will not be easy to resolve this dilemma. Tax-based lending is a haphazard and inefficient form of incentive but replacing it would be expensive. On the other hand, if the banks face more levies they may retaliate by withdrawing from this form

of husiness.
On top of these difficulties comes the need to win the firmly as it can.

Personal credit came almost to a halt while the Bank produced this year's limits, which puterised banking. It is puterised banking. beginning to look as though the cost of this will be

back period for the new technology towards a length of seven years but believe it is still essential that the Irish hanks introduce methods al-BANCO ready agreed in their Northern Ireland and mainland UK

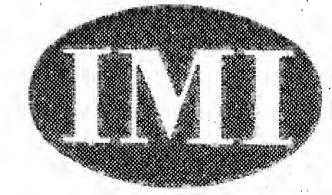
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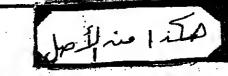
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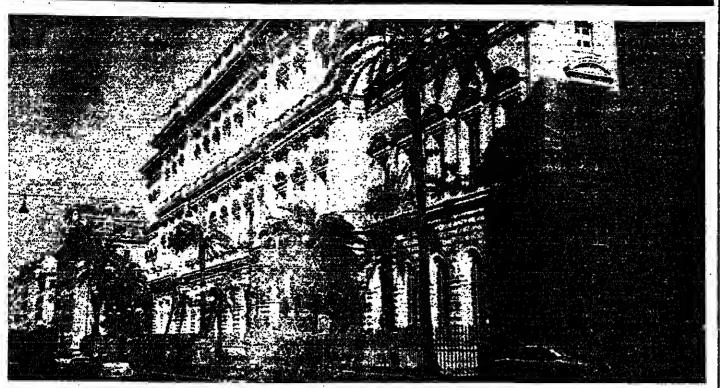
ISTITUTO MOBILIARE ITALIANO—public law credit Institute

Head Office in Rome (Italy) Paid-up capital: 500 billion lire. Reserves: L336,779,713,156. Funds: L599,559,658,828(*)

* 'As of March 31, 1981



WORLD BANKING XI



Rome office of the Bank of Italy, the country's central bank

Electronic networks could be unifying force

THE GUTS of the latest booklet in 1980, to banks like the Cassa from the Bank of Italy, the central bank, lia in two pages of algebraic formulae, sup-ported by tables and mathematical explanations. The booklet is not on the arcane subject of the money supply but on the down-to-earth issue of bank

The Bank of Italy controls how many branches a bank may bave and where they are to be located. If a bank wants to move an existing branch from one street to another the Bank of Italy must give its consent first. No new branches have been allowed in Italy since 1978 to the detriment of, among others, people living on new suburban development.

Now, after receiving more than 3,000 applications, the Bank has decided to assue permits for another 621 branches. The formulae were used to calculate whether, by the centralbank's criteria, a new branch in a certain area was justified. When the new permits are acted apon there will be nearly 12,000

anches in Italy. The reason for the control of Both these concerns are run branches—as Sig Antonio Fazio, by Sig Roberto Calvi, a leading the central bank's Vice-Director and somewhat controversial General explains—is to prevent. figure in Italian figure. They too many branches opening in are known to be managed, like the sama place, leading to most private banks, leanly and destructive competition and efficiently. destructive competition and deterioration of services to that customer. The policy is only really explicable in the context by the state, mainly through the Treasury, with three-

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with nearly L40,000bn of assets

Rurale ed Artigiana di Santa branch at Crema near Milan and

In fact the small hanks of the latter kind are the backbone of the system and the mainstay of the saver and businessman. There are about 900-savings banks, rural banks and co-opera-tive banks. Many of the smaller have only one branch but many of the 90-odd savings hanks are institutions. Among them is Cariplo (Cassa di Risparmio delle Province Lombarde), the fifth biggest bank in Italy and one of the most dynamic. All these banks are in effect statecontrolled.

The next group of banks are the private banks, leading a somewhat anomalous existence between the slate-controlled concerns on either side of them. The biggest is Banco Ambro-siano and its subsidiary Banca Cattolica del Veneto (the bank which in 1980 produced the biggest profits of any Italian bank).

already rigidly controlled in Banca Commerciale Italiana, virtually every other respect. Credito Italiano and Banco di The most striking feature of the Italian banking system is its fragmentation. There are nearly 1.100 institutions, ranging from the Banca Nazionale del Lavoro, country, after Banca Nazionale del Lavoro.

But despite the fact that these banks have national networks banking system's presence abroad, they do not dominate it in the way the large banks dominate the UK or West German banking scenes. For the average Italian in a little town the local bank is likely to be one that few other Italians will bave beard of.

The existence of so many banks combined with the very strict rules about how they operate—they must, for ex-ample, keep all cheques and other documents for ten years -produce an inefficient, heavily

Italy

JAMES BUXTON

has there been an inter-bank money market. Communications between usually 'poor, though each of the big banks has its own sophisticated electronic network. It can take up to four on a different bank.

Yet despite the original bank merger there is no official structure of the banking sys-tem. The task would anyway be so great as to be daunting -and arguably not the main priority for the banking system at the moment. The banks face more pressing problems; a continuing decline in deposits in real terms and under-capitalisation. In addition there are the related challenges of meeting the increasingly sophisticated demands of many customers and the competition in these fields from the growing number of foreign banks, concentrated mainly in Milan.

The decline in deposits is the result of the fierce competition for funds mounted by the Government, which now finances its enormous public sector deficit amounting to 11 per cent of Gross Domestic Product in 1981—with Treasury Bills. Savers can easily buy them, by-passing the banks, and they varied tax on the interest. The avoid tax on the interest. The deposits problem may partly account for the fact that the banks are currently making larger profits but in the longer term-when the current credit squeeze is finally eased—it pre-sents serious difficulties.

So far the banks have not formulated a coherent response to it. No bank bas yet taken the bold but essential step of declaring what rate it is actually prepared to pay to depositors. The official rate is only 11 per cent, against the prime lending rate of 21.75 per cent, but most customers receive an undis-closed higher figure on a discretionary basis. Nor has anything been done to make a firm distinction between cur-rent accounts and deposit accounts. Banks pay interest on all accounts, which discourages customers from withdrawing cash and from using their cheque books to make pur-

under-capitalisation of the banks is partly a reflection of the under-capitalisation that

afflicts almost every concern in Italy and is aggravated by the perennially hard-up state. But the knot of this problem is state bas accepted that it would not lose much effective control of the system if it retained just 51 per cent of the bank's

As a result a process has begun whereby the public will get a larger share of the three iri beals white Fence Nazionale del Lavoro, which does not currently have share holders, will be allowed to issue non-voting shares which will enable it to increase its very low paid-up equity capital—cur-rently only L60bn, a fact that causes it some embarrassment in its overseas operation. But some of the other state banks may find it more difficult to emulate BNL since the public may not regard them as such good risks.

Though a few of the foreign banks do operate in the retail sector of the market—demonstrating that it is possible to keep within the law and yet offer a speedy service—their main role has been in dealing with corporate clients, assisting with their problems of expor-finance, foreign exchange accountancy, taxation and so on They have also developed leasing and factoring to an enormous extent in Italy, with banks such as Barclays obtaining in this way a presence up and down the peninsula which the regulations deny it in bank branches (of which it has only two, in Milan and Rome).

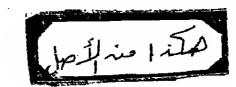
In the fields of leasing and factoring the foreign banks have andoubtedly paved the way for the Italian banks, pioneerfor the Italian banks, pioneering a type of financing which is curiously well suited to the Italian way of doing business. The Italian banks, bamstrung in many of their other operations, see these and other "para-banking" fields as one of their best lines of advance. But the banks are finding it increasingly difficult to get sufficiently good staff to run their expanding operations and make up for the emigration of some of their best people to the foreign banks. foreign banks.

Something is also happening to transform the services that the Italian banks give to tha customer — yat few people appear to have heard about it. Just as in the U.S. the fragmentation of bank ownership is being overcome by electronics, so the same thing is on the verge of bappening in Italy.

So far only the tight-knit and well-organised group of 90 savings banks bave their own teleprocessing network uniting separate institutions—enabling transactions to be communicated electronically. Early this year they also launched the first inter-bank network of automatic teller machines situated outside bank branches. These already permit the customer of one savings bank to draw funds at another. In due course customers will be able to check their statements, make deposits and carry out other transactions on the machines, thus avoiding the tedium of actually going into a bank.

But even more significant is

the fact that the other major banks are now discussing how to make their existing or planned automatic teller machines or cash dispenser networks communicate with each other. This facility should come into operation next spring, with the name of Bancamat, giving Italy the first national electronic banking network in the world The next but more compli-cated stage will be the merging of the banks' existing tele-processing networks. This presents serious technical difficulties-since each bank bad developed its own system independently — but once installed would theoretically end the present difficulties of clearing cheques and making transfers. If that happens Italy will have virtually jumped a whole intermediate stage in the development of its banking system and the big banks will have been forced into giving more attention to their small private customers rather than their big corporate ones.



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152nd Financial year

On March 31, 1982 the Annual General Meeting of Cassa di Risparmi e Depositi di Prato approved 1981 balance sheet and statement of income which showed following results (billion lire, at year Percent increase on Dec. 31, 1980

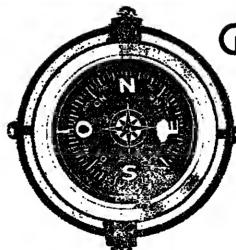
+ 23.4 2.044.8 - Total Assets +231.663.9 Deposits 1.036.6 +16- Loans to customers +21.810.2 - Net Profit

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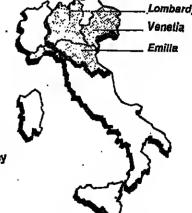


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Balances with banks 682 +43% +25% 490 Securities 401 +17% Advances to customers 1.824 +30% Total assets +23% 1.035 Customers' deposits 1.402 +28% Total deposits +41% 58 **Provisions** 57 +68% Capital and reserves +50% Net profit

FINANCIAL HIGHLIGHTS 1981 (billions of live)

Earnings improve but not without headaches

SWITZERLAND'S high-powered sector and, towards the end of rather more since putting up the when it totted up a loss of banking system continued to the year, into the banks' own mortgage rate to 6 per cent on SwFr 42m in two bad risk cases grow last year. Overall assets of medium-term over-the-counter March 1. Despite this, it looks and had to transfer SwFr 38m the 71 reporting banks were up by 9.3 per cent—or by 14.8 per cent after inclusion for the first time of precious metal accounts since the war, led to a serious -and the total for fiduciary business outside the balance sheets rose by 28.3 per cent. Most banks again showed improved earnings and aggregate profits seem to bave risen. Initial indications are that this year should produce at least no worse a showing.

all banks 1981 was what Union Bank of Switzerland chairman Dr Rohert Holzach called a "year of challenge." For some, specific problems made it into a period of considerable worry.

The biggest single difficulty was that posed by distortions of the domestic interest structure. In the wake of high U.S. interest rates, together with an abandonment of the National Bank's attempts to dampen rates at home, Swiss short-term rates reached giddy heights. By Ortoher three-month time deposits were fetching over 10 per cent and the yield on Federal money-market certificates of the same maturity 9.3 per cent; Euro-Swiss franc rates were higher still.

In comparison the country's generally considerably lower. important savings sector was By mid-April the Euro-Swiss continuing to work with an franc's three-month rate, for average pay-out of a meagre 31 substantially lower than the return on short-term invest-ments but rarely half the pre- At the s vailing rate of inflatioo.

Not surprisingly, there was a marked shift out of savings and deposit accounts into the much more profitable short-term —or little less than the March inflation rate of 4.7 per cent —while hanks are earning

honds. This net withdrawal of cheap deposits, the first the Swiss banks had experienced problem in connection with the financing of domestic loans. This applied particularly to the mortgage sector, since Switzerland traditionally has the highest mortgage debt per

capita in the world, as well as the highest savings ratio. base recently been suffering costing more than the incoming from a series of headaches. For all banks 1981 was when a series of headaches are interest. By autumn a series of headaches are interest. every loan to a Swiss client was producing a temporary loss for

> This disparity was particu-larly hard on the cantonal and regional banks, much of whose husiness is in the savings and mortgage sector. However, two of the country's Big Five— Credit Suisse and Swiss Volksbank—also attributed a fall in net profits largely to the mismatching of interest earned and interest paid. In the case of the Volksbank profits slumped badly enough for the board to balve the dividend.

In the past few months things have been looking brighter. With the bank rate hack to 54 per cent, baying been at a peak 6 per cent between September and March, interest rates are example, was down to 5 per cent and the latest yield on Federal three-month paper to only a

At the same time savings deposits interest has been brought up to around 4 per cent

as though interest margins will be little broader this year.

The slowdown in the national

Nor was much desire shown to make up for this by new loans to foreign clients. International recession and a reluctance to assume new sovereign risks meant that the supply of credit to non-Swiss customers ex-

Switzerland

JOHN WICKS

panded by only 2.6 per cent over 1981, as compared with a 10.8 per cent rise in domestic advances. These two factors meant that in the second half of last year total halance sheets showed only a minimal growth before the addition of the precious-metal accounts.

Apart from the lack-lustre development of domestic loan husiness in the past few months, bankers are increasingly concerned at the rising had risk share in their Swiss loan portfolios. More and more, banks are feeling they must rally round corporate clients in trouble.

Union Bank of Switzerland, for instance, wrote off SwFr 128m on such funding operattions in the 12 months ending last September and has indicated that further rescue projects are probable. Actual mis-judging of local risks can he very costly, as the Lucerne Cantonal Bank recently found from its reserves.

The biggest setback experieconomy has also meant a enced by a Swiss bank in the falling off in demand for credit, past months also involved an enced by a Swiss bank in the error of judgment within Switzerland itself. The Bernehased Swiss Volksbank experienced losses of nearly SwFr 140m—which it has also covered with provisions from "hidden" reserves—as a result of illadvised operations of its Geneva branch in forward silver transactions in 1979.

The Swiss Banking Commission, incidentally, latched on to the Lucerne and Volksbank affairs to put right what it felt was the papering over of banks' losses by activation of unpublished reserves. Offsetting moves of this kind will remain permissible but will have to be disclosed in published accounts. In Volkshank's 1981 report, published in February, this took the form of a profit and loss account entry concerning the transfer of hidden reserves on property.

There were instances else-

where of the control authorities reacting to specific or general occurrences involving Swiss banks. One of the most interesting in an international framework bas been that in connection with alleged insider deals in the U.S. The New York Securities and Exchange Commission claimed last spring that Banca della Svizzera Italiana of Lugano had been engaged in insider transactions before a Seagram's take-over bid for St Joe Minerals of New York Later other Swiss hanks were said to have been involved in similar deals at the time of

SWITZERLAND'S BIG FIVE BANKS

		. (SwF	rm)			
Juion Bank of Switzerland, Zurich	Balance sheet total 1980 1981† 77,526 93,738	Due from banks 1980 1981 23,176 24,710	Advances to customers 1980 1981 38,359 43,084	Due to banks 1980 1981 20,329 26,734	Customers' deposits 1980 1981 46,627 54,926	Net profits change 1980 1981 per cent 334.1 381.7 +14.3
wiss Bank Corporation, Basle	74,109 87,555	22,035 27,268	36,047 38,271	21,792 25,515	43,616 52,830	286.6 321.7 +12.2
redit Suisse, Zurich	63,475 73,578	15,016 16,247	33,468 36,996	19,830 22,436	36,393 43,179	281.0 275.7 - 1.8
wiss Volksbank, Berne	17,854 18,762	1,239 1,499	13,687 14,199	2,635 2,278	13,610 14,777	68.9 36.0 -47.7
ank Len, Zurich † Include	6,429 8,589 s precious-meta	2,267 3,719 d accounts (no	2,440 2,863 t included bef	1,736 2,997	3,702 4,483	27.0 29.7 +10.2

Generally speaking, banks continue to be painfully aware of the need to keep their image bright. Generous White Knight efforts such as that to keep the crisis-stricken SSIH watch group going have helped but critics bave been quick to pounce on apparent or actual abuses of banking facilities. Moreover, though through no real fault of their own, the banks have come under heavy fire recently for increasing mortgage rates.

Everyone is very much aware of the "Banking Motion" due to come up for a referen-dum vote some time after next year's general elections. Though the Cabinet does not back this Social Democratic-Trade Union move to weaken the clout of Swiss benkers, any sudden increase in public disfavour would obviously be bad news for the hanks. At the same time this could well be reflected in cutrent preparatory work on the revision of the Bank Act.

prohably over.

course, but as far as expansion

is concerned, it will be much

more dependent in the future on the expansion of the markets

in which the banks operate, and

much less on new arrivals" is bow one Luxembourg banker

The maturing of Luxembourg

as a financial centre is, how-

ever, only one reason why

observers, and even government officials, bave been willing to

concede that a period of at best

modest expansion lies ahead in

the traditional lines of banking

business, and why the Govern-ment itself bas been encourag-

ing the hanks that are there to

broaden the range of financial

activities they undertake. In

addition it is conceded that a period of slower growth lies ahead in the traditional lines of banking husiness which Luxembourg's banks, in par-

ticular the German-owned

The Grand Duchy's evolution

into an international banking

centre which began around 15 years ago was based on the decision of the German banking industry to develop an "offshore" international hanking base there, free from the con-

banks, are engaged in.

describes the situation.

As it is, the world of finance has been unpleasantly surprised by Parliament's readiness to discuss new forms of bank taxation. In August the National Council's consultative committee will look at the possibilities of stamp duty on fiduciary accounts, a 5-per cent with-holding tax on fiduciary account interest or a 35 per cent withholding tax on domestic income from both fiduciary accounts and foreign Swiss-franc bonds.

Without suffering from e persecution complex, bankers are concerned at what they see as a lack of sympathy and underis, they fear, losing ground as

WITH ALMOST 120 international banks operating ont of Luxembourg, it is now a mature international financial centre. This is one reason why bankers there readily admit that the spectacular growth which characterised the Grand Duchy's banking role in the 1970s is prohably over.

banking laws, and free from the submission which will all imposed by the Bundeshank, the imposed by the Bundeshank, the solidated has collected that only about one-third of the banks operating in Luxembourg are German-owned understates their role, for they public bank account for about half the total and savings probably over.

More modest expansion

for international role

essets of the foreign-owned "Most of the banks which are likely to want a Luxembourg base are already here. There banks in Luxembourg. It is the German-owned subwill be a trickle of new entrants into the market in the future of

sidiaries which are the largest institutions, and the German Mark which is the key interna-

Luxembourg

STEWART FLEMING

tional currency although the U.S. dollar has gained in impor-

as the German banking indus-try plunged into earnings problems in the past two years, and began to concentrate much less on volume growth and much more on profitability, as well as taking a much more critical view of international Euromarket lending and especially inter-bank lending, the Luxembourg subsidiaries would be among the first to feel the impact of these policy changes. Another factor at work, how-

ever, has been the signs that one of the basic factors accounting for the growth of German certain and because of the lack manuely freedom from the German banking laws, was to be modified. Already the private commercial banks have reached a "gentleman's agreement" straints imposed on them by with the Bundesbank and the industry strict, bureaucratic, German Federal Banking Office, for the employer.

which will allow the authorities imposed by the Bundeshank, the to examine the banks on a consolidated basis, including their Luxembourg subsidiaries.

At this stage the exercise is for information only, and the public banks, the Landesbank and savings banks, not partici-pating. At some point how-ever new banking laws are expected. German bankers in Luxembourg donht that it will seriously inhibit their business in the long term, but it is for the moment another reason for

One area of expansion for the German banks over the past two years, which is expected to persist at least while interest rates remain high, is lending to their customers in Germany itself — something they can do more cheaply because of Luxem-bourg's freedom from minimum reserve requirements. Another potential area of development is serving private customers.

With the enthusiastic co-operation of the Luxembourg authorities who, for example, bave strengthened bank secrecy legislation, the banks are actively trying to develop a stronger private customer base in the Grand Duchy, which it is hoped will become in some competitive

Switzerland. Expansion in this area is. however, cautious. because it is costly but also because the prospects are un-

industry as a taxpayer and



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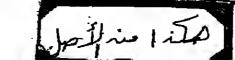
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WORLD BANKING XIII

Bankruptcies leave blemishes on balance sheets

"ONE CANNOT wait until someone comes to us. We have to fight for investors." This is how the Austrian Finance Minister, Dr Herbert Salcber, summed up in mid-April the results of a week-long visit to Japan by the largest ever high level Austrian delegation of bankers, state and private industry managers. The overriding aim of the Salcher mission was to prepare the ground for a aubstantial reduction of the Sch 7bn-plus (same £230m). Austrian trade deficit and to attract Japanese investments and funds.

The visit to Japan was an indication that despite the subimprovement Austria's external payments balance last year and during January-February this year the country will have to raise more money abroad in order to finance much needed investments in growth industries. The structural weaknesses of the Austrian economy are an excessively large sector of basic and declining industries coupled with too small a number of high technology and growthintensive branches. The time has come for a

transition from verbal acknowledgment of the need for reappraisal to positive steps in economic, financial and credit policies. After a long period of uninterrupted growth combined with relative price stabllity and full employment, interest rates by half a per cent Austria now faces the price in as of April 1, the banking form of a record budget deficit of least Sch 65bn. This year, even without taking into account the funds urgently needed by the nationalised steel and heavy industries. The growth of gross external debt by Sch 50bn to Sch 247bn last year is viewed with concern. It is important to remember that Austria is still in terms of inflation one of the stablest countries in Europe, with performance this year likely to be even hetter than the 6.8 per cent figure recorded in 1981. But the rate of unemployment has risen from 1.9 per cent in 1980 to 2.4 per cent in 1981 and is thought to be already at least

private gang

3.1 per cent this year. In view of the forthcoming general elections in April 1983 at the latest, the Socialist Government is even - more reluctant than before to tolerate the rise of unemployment. The various schemes to promote investment and to have engendered growing pressures more funds into the economy and to provide money for

AUSTRIA'S TOP TEN FINANCIAL INSTITUTIONS

	. (Balance shee	et totals—Sch m)		
Creditanstalt	End-1980 203,659	End-1981 242,977	Genossensehaftliche	End-1980	End-1981
Glronzentrale	158,180	176,661	Zentralbank	83,616	95,402
Laenderhank Zentralsparkasse nnd	118,114	133,075	Bank fner Arbelt und Wirtschaft	74,356	89,224
Kommerzialhank Wien	107,870	122,186	Erste Oesterreichische		
Kontrollbank	101,361	140,883	Spar-casse	71,872	84,914
Postsparkasse	83,987	94,514	Volkshanken AG	31,866	27,610

which otherwise would have to be declared insolvent. High interest rates, major insolvencies affecting also the banking sector, the country's very hig involvement in credits extended to Poland, and to a much lesser extent to other Comecon countries, as well as unsavoury corruption scandals in Vienna and eastern Austria bave combined to create a feeling of general malaise.

> Austria PAUL LENDVAI

Regardless of the likely mild economic upswing expected for the second half of 1982 and the agreement to reduce deposit interest rates by half a per cent sector faces a difficult period of adjustment.

The total liberalisation of the rules governing the opening of new hank branches and the end to the interest rate carrel affecting interest payable on savings transition of all sectors of the banking industry into universal banks, have compounded the strains felt by the financial community as a result of the general worsening of International and domestic economic conditions...

The general deterioration of the economic environment and special factors such as major bankruptcies have left scars on balance sheets. All banks have had to increase risk provisions on credit and security business and the operating return on total assets generally declined last year. The cardinal event in the small world of Austrian banking was the unprecedented Government — and after ingly non- or anti-socialist ture, only a conscious farewell the sceoes haggling approved by Parliament — for the Oesterreichische Laenderhank, the third largest bank or the same with the overwhelm-tire, only a conscious farewell to illusions could be the starting of the banking compersionally of the banking of the third largest bank, which is

Laenderbank lost the staggering sum of Sch 4.2hn in the bankruptcies of the engineering group Oesterreichische Klimatechnik and the financial troubles of its wholly owned affiliate the camera producer Eumig Even after having drawn in all some Sch 1.2bn from open and bidden reserves. Laenderbank will get over Sch 3bn of Guvernment aid in the next 10 years or so to permit these debts to remain on the asset side and replace the

toterest income lost.

It cannot be excluded that the in the industrial haldings of the bank and possible changes in the control over affiliated banking institutions. Another major step is the increase of the basic capital of the Creditanstalt Bankverein the top bank, by Sch 600m to Sch 2.4bn. Creditanstalt has also to deal, however, with growing stresses in its industrial empire, primarily with regard to Steyr-Daimler-Puch, the motor manufacturer, and Semperit, the rubher company.

The financial risks involved the conflicting relationship the Austrian nationalised hanks and their extensive industrial holdings have become more apparent than ever. Nor is the relationship between the Treasury and the large nationalised banks on the one hand and the control of the banks over their industrial holdings on the other resolved. Dr Salcher, who took over just a year ago, has bad some problems in dealing with the new the position of the various directors general of the two sectors as well as that of the nationalised hanks. In striking largest financial institutions are contrast to his predecessor, Dr Hannes Androsch, he has failed to establish a good working re-lationship with the overwhelm- Tichy put it in a recent lec-

the Post Office Savings Bank structuring

(PSK) into a fully-fledged bank using 2,300 post offices as branches. The competition for market shares has produced an over-branched system and the expansion of PSK as well as the dynamic growth of the outlets in consumer co-operatives operated by Bawag, the trades union bank, add to the strains.

Dr Karl Pale, director general of Girozentrale, the central institute of the saviogs ing against the uncontrolled and to some extent subsidised growth of special institutions such as the Kontrollbank (deal-It cannot be excluded that the consolidation of the bank's such as the Kontrolloans affairs under the new managing ing with export figure. Investitionskredit (engaged in development loans). the Post Office Bank, etc.

The sharp competition under the conditions of a somewhat inpsided structure has sub jected the savings banks and farming co-operatives to stresses which their directors find anjust of the financial community. The directors-general of both the largest savings bank, Ceotral Savings and Commercial Bank ("Z") and the Viennabased First Austrian Savings Bank—Dr Karl Vak and Dr Hans Haumer—have spoken out in favour of better access to the capital market, the revision of rules concerning minimum reserve requirements and the setting of a limit on lending capital rather than its credit

The profit squeeze, the reper cussions from the Laenderbank case, political considerations and personal conflicts affecting bound to make competition for the small investors' money even controversial plans to transform the long overdue path to re-

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Gloomy outlook for debt tangle

THE PARLOUS financial condition of the Communist hloc is ruler, lifts martial law, frees well known The major crisis over Poland's bankrupley and a political dialogue with Solid-the lesser crisis over Romania's arity, the banned trade union, debt repayments bave made and the Church. debt repayments bave made East Europe's finances part of the daily diet of topics in the West. But the crisis is by no means confined to those two

Total net hard currency in-debtedness of the Soviet Union and its six Comecon partners in Eastern Europe rose from \$72.4bn in 1980 to \$80.7bn by the end of the last year. Most of the overall debt increase was due to a \$6bn net increase in bnrrowing by the Soviet Union. intrinsically far the strongest economy in the East but where even larger gold, oil and diamond sales to the West bave not been able to generate enough hard cash to pay for imports of vital grain and of Western equipment for natural

gas development. Western bankers have taken fright, to the extent that for the moment at least they have put a virtual blanket prohibition on any sizeable new loans to Comecon as a whnle. "Red-lining the Reds" is the new phrase, borrowed from American mortgage practice whereby bankers circle with a red pencil areas where they will not lend. Relatively prosperous Hungary

and East Germany-and Yugoslavia, which stands formally outside Comecon—have all tried in recent months to borrow on Western markets but failed to arouse any interest. Only Czechosłovakia and Bulgaria are regarded with any favour by lenders, ironically, because neither of those countries seems to have any pressing need or interest in fresh Western money.

There are a few bankers who believe that some good money may have to be thrown after the bad, since without any new much of Eastern Europe's industry may grind to a halt and with it the capacity to repay old debt out of hard currency earnings. But such is the political climate after the law crackdown in Poland these bankers hardly dare put their heads over the

Credit is being used, or considered, as a political weapon on two particular fronts. First, the Natu governments decided in January that they would not discuss rescheduling the \$2.2bn of Poland's debt which they have guaranteed and which falls due for repayment this year until General Wojciech Interned prisoners and resumes Unfortunately, there is no

immediate sign that General Jaruzelski is ready to oe pressured from outside to meet these political conditions. Unless the governments re-schedule their debts, Western commercial banks are most un-likely to do so this year (the 1981 rescheduling of official debts was the precondition for the bankers to agree to do the same on Poland's 1981 private

Without any rescheduling, then, Poland would be in effective default on its debts to the West However, some hard liners in the Reagan Administration, notably Mr Caspar Welnberger, the Defence Secre-tary, have wanted to take this one step further and declare Poland in official default—in order to underline the bankruptcy of the Communist system. For the moment other voices have prevailed, on the

Comecon

DAYID BUCHAN

ground that to declare Poland formally in default would give it and possibly other Comecon countries a perfect pretext 10 repudiate, or at least put a moratorium on, Western debt repayments. Credit is being considered as

a political weapon on onnther front. The Reagan Administration has now dropped its explicit opposition to West European prolyement in the trans-Siberian gas pipeline but come up with the broader idea that the West should put a co-ordinated credit squeeze on the Soviet Union, with the general sim of giving Moscow a sharper choice between the conflicting military and civilian demands on its economy.

Whether W. Europe will go along with this is a highly moot point, but Washington will be making a push at next month's meeting of the Organisation for Economic Co-operation and Development to get countries to agree on a higher interest rate floor ou export credits to the

Soviet Union. Politics aside, there is ample scope for gloom about the prospects for sorting out Comecon's

Comecon's net deht to the West

	1980	1961
Bulgari2	3.2	2.3
Czechoslovaķia	3.5	3.6
East Germany	9.6	11.3
Hungary	7.4	7.8
Poland	22.1	22.4
Romania	9.1	9.6
Soviet Union	13.5	19.5
Comecon banks	4.0	4.2
Total	72.4	88.7

Source: United Nations Economic Commission for Europe.

Western debt tangle. The most acute problem is of course by Poland, which faces a worse situation this year than even in 1981. The arithmetic is Even if Poland were to be able to reschedule 1982 debt. postponing repayment of principal to the late 1980s, it would still owe nearly \$3bn in interest

The country will probably run a hard currency surplus this year, mainly thanks to revived coal production but on the most optimistic assumption this is unlikely to exceed \$1bn. The gap can only be bridged by new bard currency loans by either the West or the Soviet Union. For different reasons, neither is likely to fork up.

So the real prospect is that Poland would fall even further behind on interest on 1982 resheduled debt than it did on 1981 debt. It was three months 1982 before Poland manintn aged to scarpe together enough to pay of 1981 interest. It can thus be argued that rescheduling in Poland's case only puts default off to some later but inevitable datc.

Romania's problems are less severe than Poland's. Its current payments crisis is more the result of mismanagement—over much reliance on short-term finance with maturities heavily bunched in late 1981 and 1982rather than of the weight of its Western goodwill by refusing for several months after i started to slip behind on payments last summer, to acknow-ledge it had a real problem.

Finally, at the turn of the year Romania started to make a cleaner breast of its finances and out of Romania's negotiations with a lead group of nine big Western banks, with the International Monetary Fund essisting from the wings, is now likely to emerge an agree-ment later this year to reschedule nearly \$30n. Romania bas yet to settle debt disputes with a number of Western companies, which have been clamouring for quicker repayment than the banks. It also bas a number of basic prob lems - neglected agriculture, over-ambitions industrialisation, money-draining petrochemicals

--which must be tackled before
It can be considered a decent credit risk again.

Romania, the political maverick inside Comecon, is the one East European country which gets no real Soviet belo. But others do, mainly in the form of preferential trade treatment. East Europe usually gets relatively cheap Soviet oil and raw materials and sells relatively expensive finished products to the Soviet Umon.

Bulgarla, for instance—the one Comecon country to have reduced its bard currency debt between 1981 and 1982 (see table)-is reported to have done so by reselling cheap Soviet oil on the world market. This is the external hurden

the Soviet Union hears, the price of sustaining its empire. But internally it is also wrestling with severe problems of its own, principally the need for continued large grain imports as the result of three successive poor harvests and the depressed world prices for such Soviet export staples as gold, diamonds, lumber and oil. These factors coupled with the Soviets own increase in borrow ing have reduced the credibility in Western eyes of the Soviets' own increase in borrowor guarantor of last resort, for Eastern Europe.

As a whole Comecon now spends a third of export earnings servicing Western debts and that ratio may well rise in coming years. But like the overall debt, which at around curate's egg, Comecon is good \$10bn is much smaller than Poland's burden of \$22.4bn (excluding bard currency owed to fellow Socialist countries). But the Ceausescu government in Remain left valuable time and Romania lost valuable time and, deserve to succeed.

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WORLD BANKING XIV

Bigger role recommended in [15] North Sea financing

EARLIER THIS year share of the credit market in thi holders of Norway's com- country has never been so commercial banks recovered effect prebensive as it is now and tive control of the banks they there has never been a greater own-control which they lost in gap hetween the measures 1977 as a result of legislation adopted and coacted by the previous Labour achieved," he said. Henriksen, government. In March the who is also chairman of the minority Conservative govern- Norwegian Bankers' Associament which came to power last tion, added that he had not (Parliament) approval for a under a Conservative govern-change in Labour's Bank ment and hoped the situation Democracy Law. The change would not last much longer.
puts shareholders in a majority Mr Henriksen's rema (eight out of fifteen) on the were made early in March. banks' representative councils Sioce then falling oil prices will continue to offshore bave led the govern-

change reverses the proportions of seats they hold. Previously and expenditure—particularly public appointees had eight, if it is to keep Conservative sbareholders four and employees only three. This reform of a contro-

versial labour law has heen warmly welcomed by the banks.
But they are waiting impatiently, end with steadily diminishing hope, for reform in an area which is actually far more vital to them—the government's expansionary fiscal policies. Because of the inflationary pressure they generate these policies force the authorities to adopt tight credit restrictions which hit hank

the third, Bergen Bank, co-operation across class and reported 0.88 per cent (down party lines, with solutions from 1.07 per cent). Mr which served the national interest taking priority over thest, said he was not satisfied with last rear's results. Form

Storting expected to see this happening

Mr Henriksen's remarks Sioce then falling od prices and rising investment costs councils will continue to offshore pave led the govern-fives (four) and some public mates of petroleum revenue appointees (three) in provide over the coming four years. This is a development that will council discussions. But the make it barder than ever for the government to halance income election promises about lightening the burden of direct taxation.

Norway

PAY GJESTER

Without a change in fiscal policies, however, there can be no significant loosening of the credit market straitjacket. As in previous years this spring's crop of annual reports by the leading commercial week Mr Henriksen aaid the banks showed a poor rate of time had come to tackle this banks showed a poor rate of time had come to tackle this return in relation to total underlying problem. Public return in relation to total underlying problem. Public capital employed. For the largest and most successful of them. Den norske Creditbank to be actually cut—it would them. Den norske Creditbank not he enough simply to slow the rate of growth. The cent (compared with 1.15 per political difficulties involved cent in 1980, described hy DNC would be great and could managing director Leif Teris managing director Leif Terje probably only he surmounted if Loeddesoel as "a very weak the necessary measure were year." The second of the Big presented in a series of Three, Christiania Bank, packages, where disadvantages achieved only 1 per cent (down could be halanced by concesfrom 1.04 per cent in 1980) and sions. There would have to be

hest, said he was not satisfied with last year's results. Earnings as a proportion of total capital employed should have been between 1.5 per cent and 2 per ceot, he declared.

Commenting on Bergen Bank's 1981 results, managing director Finn B. Henriksen said government credit policy was partly to blame for the directed to the areas of the was partly to blame for the directed to the areas of the bank's difficulties. "Regulation economy where they could yield

SHAREHOLDERS AND CONTROL

Bank shareholders in Norway are at the mercy of political thinking. The present Conservative Government has restored tn them the control taken away by the previous Labour administrating. The banks themselves are hoping the muve presages a more liberal economic regime.

ceilings on lending activity and bank interest rates, simply led to the diversion of funds into the unregulated "grey" market while making it bard for the banks to earn a profit. Improving profitability is a very urgent task for Norway's

banks. Without a reasonable profit record they cannot attract new equity capital—which they must do in keep up with the expansion in their liabilities as a result of inflation (currently running at about 12 per cent).

Norwegian law requires the
commercial banks to maintain equity at 6.5 per cent of liabilities. When profits are high enough this can be done by ploughing hack part of them. In recent years, however, the only way of maintaining this ratin has been to expand share capital or to borrow, at home or ahroad, so-called subordinated luan capital.

Now the authorities have moved to limit the practice of borrowing to maintain the required equity/liabilities ratio. Any bank with subordinated loan capital already exceeding thirty per cent of its share capital plus reserves will not be allowed to raise additional subordinated loan capital. Moreover, as a general rule Moreover, as a general rule raising of such capital abroad will no longer be permitted anyway hecause of the danger that Norwegian banks could too. dependent on foreigners.

These restrictions can be expected in increase the number nf new share issues hy Nor-wegian banks. At end-November last the total equity of Norway's NKr 5,254m, of which share capital and reserves accounted for NKr 4.173m and subnrdinated lnan capital the rest-about a fifth. In other words, abroad of a further \$50m of subordinated loan capital.

the highest returns. The present should he allowed in play a system, which put unrealistic larger role in financing offshow oil and gas investment. The group, which includes repre-Ministry, the Bank of Nurway, and the savings and commerci banks, proposes introducing a new system of kroner loans to the oil sector - to be kep separate from the rest of the Norwegian credit market.

To date the oil companies have largely financed their activities by borrowing abroad (Statoil, the Norwegian state oil company, has met some of its capital needs from direct state allocations). In future, says the working group, the companies should be offered the option of burrowing some of the money they need in kroner from Norwegian institutions.

Such kroner loans to "offincrease liquidity on the domestic market and could thus be exempted from the present curbs on hank lending. In fact, because they would reduce the amount of money available for lending on the domestic market they would actually lessen the need for high primary reserve requirements and other restrictive measures such as the obligation to invest in bearer bonds a proporting of any

The proposed kroner loans government ceilings on interest rates (designed to hold down domestic cost levels). The group believes that it would he up to the oil companies and these loans and to decide how they should he organised - as syndicated loans, bearer bond issues or whatever. This means than other kroner loans - frow much dearer would partly depend on the oil companies' interest in this new source of at that date permits had been finance. In any case the higher granted for the borrowing interest rates which the banks could charge would make a wel-Meanwhile, a group of experts profits. It remains to be seen; has recommended that Norway's however, whether the governcommercial banks—and other ment will accept the working Norwegian credit institutions— group's proposals.

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المكذا مذالم المكامل

Money easier but central bank keeps watchful eye

AFTER TWO good years, the Finnish economy slid slowly but inexorably into recession in 1981. Growth of Gross Domestic Product (GDP) was 7.6 per cent in 1979, 5 per cent in 1980 and nnly 0.5 per cent last year. It seems that 1982 will be a kind of intermediate year, with no dramatic changes in sight. At the end of 1981 the downswing was expected to he short and moderate hut the most recent forecasts tend to he more pessimistic. The Ministry of Finance, however, still foresees 1.5 per cent growth in

the curernt year.

The Ministry expects the price competitiveness of Finish exports to weaken by 12 to 13 per cent altogether during 1980-82, mainly because of fluctuations in foreign exchange cross-rates. Ultimately, the recovery will depend on export demand: this in turn is closely inked with the revival of economic activity in Finland's main export market, Western

Europe.

Despite the downswing the external balance of the Finnish conomy has not been such a problem as it was in earlier recessions. The trede and current account deficits in 1981 were FM 1.3bn and 1.7bn respectively, approximately equal tn £160m and £210m at the current exchange rate. The current account deficit was thus only about 0.8 per cent of GDP. Net long-term foreign debt increased by FM 4.3bn last year to FM 32.33hn. The ratio of the debt to GDP stayed around the 15 per cent mark it has held for the post three years. The ratio of debt service charges to current account earnings was

worthiness is still good. For the banking community 1981 was a satisfactory year, Mr Ahti Karialainen was appointed Governor of the Bank of Finland in succession to Mr Mauno Koivisto who was elected President of Finland. There is no reason to doubt that the Bank drums (-1.5 per cent in 1981, of Finland will continue under -2.5 per cent in the current Mr Karlalainen to pursue its year) and the households savtraditional watchdog role, using ings ratio still moving at a monetary policy to keep respectable 5.5 to 6 per cent, the inflation down and prevent the hanks' liquidity position is good.

easy at present. In 1981, with with FM 4.5bn in 1980.

the recession imminent, the central bank cautiously relaxed monetary policy in order to help stimulate the economy. Bul caution is the watchword because of the need to avoid an inflationary impact. Bankers believe the central hank is currently pondering means that would enable it to tighten money again more sharply and quickly when the situation requires it. One of these could be more stringent terms for the cash reserve

Ransallis-Osake-Pankki

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Bank of Helsinki

more than FM 440m.

Under this scheme the banks can be obliged to make a cash reserve deposit with the Bank of Finland. The initial deposit is 0.4 per cent of the deposil stock at the end of a month, rising in steps of 0.4 per cent to 5 per cent at tthe most. The requirement peaked in March 1981 when the reserves placed in the central hank totalled FM 3.5hn, 4.6 per cent of the deposit stock.

deposit scheme agreed between

the central bank and the deposit

banks in March 1979.

As the recession worsened, the requirement was reduced in 3 also unchanged at 10 per cent. per cent and in June the total Finland's international credit. of "frozen" deposits was FM 2.35bn. It is thought that the central bank may now wish to raise the maximum requirement to 8 per cent of the deposit inflow and call for larger monthly steps than the present 0.4 per

With investment in the dol--2.5 per cent in the current money market from getting too Commercial hanks' deht to the central bank stood at FM 2.5hn In fact money is relatively at the end of 1981 compared

lately become a subject of increasing dehalc. There is nothing Hlegal about it. Grey money is for the most part the tem-

t Share capital will he raised this year through a rights issue hy not less than FM 340m and not

FINLAND'S TOP COMMERCIAL BANKS

Tntal assets

27,256

18,034

7,469

4,974

(1981-FM m)

Finland

LANCE KEYWORTH .

Mattson, director of the Bank of Helicial "but some estimates put it at as high as FM 6bn compared with FM 4hn nn average for the call money market m which the rates are fixed by the Bank of Finland."

The banks are therefore considering ways of regularising this market. One idea is to try something along the lines applied in Sweden. This would mean special corporate deposit accounts in the combanks for which the interest rates would be freely fixed and/or certificates of deposit which could be freely traded.

increase hut are unlikely to get it. Mr Seppo Konttinen, presicharged on credits is low both in nominal and real terms, Borsince 1979." Rates are pegged London.

On top of this, there is the to the central hank hase (disgrey market" which has count) rate, which has been 9.25 lending rate is 12.5 per cent.

Deposits

14.806

13.895

10,528

660

427

Source: The Finnish Bankers' Association.

2,850

Own funds

1.282

1,6987

333

269

in which the commercial banks porary short-term surplus expect competition from the liquidity of companies and hanks foreign banks now establishing which they wish to place at a hetter yield than the fixed hank hetter yield than the fixed hank and its compatriot Chase Management of the companing its doors "No one knows how much of hatfan will be opening its doors this short-term financing is floating June. Indosuez will probably ing about," aays Mr Gustav start in the autumn.

Another area is the foreign exchange market. This has been opened up perceptibly in the past 12 months or so. Forex deals at the rate fixed by the central hank daily can now be limited to FM 200,000. Above that the rate can he fixed by the banks according to the mar-

In 1982 the spreads for pur-chases and deals were halved by: the Bank of Finland, increasing the competitiveness of Finnish banks. The central bank will still intervene in spot deals but will no longer enter the forward market regularly except for rouble transactions, for which it atill provides banks with forward cover for up to 12 months.

Meanwhile, Finnish banks continue to expand their international business. In just over 20 years they have taken shares Europe, the U.S. and Singapore. "We go to the financial centres." Interest rates are low in Fin-land—fur political reasona. also to areas important for Fio-Bankers are pressing for an mish trade. South-East Asia is nish trade. South-East Asia is the most recent." A good example of the service affered dent of Okohank, says: "Interest to Finnish traders is the recent opening of a special forest-indostry department in Union rowers have not had in pay any Bank of Finland's consortium real interest un domestic loans bank, Scandinavian Bank in

Cash ratios raised to adjust interest rates

from 11 to 10 per cent in March cut the interest they pay on some state loans, the Riksbank recovery in domestic investment. The move coming at a time should have been able to suswhen international interest rates had only tentatively started to move downwards, was regarded as bold. Attention since has concentrated on the Riksbank's efforts to reconcile the stimulus to industrial investment with the need to keep up short-term interest rates and maintain an anti-inflationary Krona rate.

The background to this Riksbank exercise has been continuing concern about the imbalances in the Swedish economy, as evidenced in the intractable budget deficit and the current account. To this must be added the commercial hanks' unremitting agitation for a looser system of monetary

Mr Wohlin has not been unbetween the Riksbank and the hanks has still to result in

discount rate for the second time in six months—on March 12, it authorised the banks to reduce from 15 to 14

RIKSBANK (Central lending rate. However, it also money supply from the budgetshackles would hamper the

The banks, it could be said. tain this squeeze on their maryear and the higher returns they were earning on the new governing the ment paper they have been by law. obliged to take up as their contribution to financing the budget deficit. But the squeeze was

Moreover. the Riksbauk retained at 14 per cent the terest rates to international penalty rate it charges the rates and keep pressure off the rates and keep pressure off the Krona end, on the other, to probanks for borrowing above a vide some incentive for a refixed amount. By this means it planned to keep up money market interest rates and reduce the production and exports by possibility of a currency outflow which could bleed the reserves and weaken the Krona.

The andacity of the cut in the Mr Wohlin has not been up. discount rate Iay partly in the down domestic consumption and sympathetic to the banks' fact that it came quickly after trying to curb public spending, attitude but the dialogue the staunching of a currency in order to smooth the was for outflow which had totalled nearly SKr 5bn (£470m) during when the Riksbank howered the Riksbank's gamble appeared to pay off. The outflow during the first three weeks of March

to held with the Central Bank)

The Riksbank has thus been using its array of monetary instruments to tread a narrow path between, on the one hand, the need to adjust Swedish in-

Swedish industrial

easing domestic monetary policy. Government's fiscal policy, outlined in its finance plan for 1982, aims at holding the recovery in exports and industrial output. It tried to set this going by the devaluation of

Governor Wohlin has warned was no more than SKr 325m. bining too tough a monetary office after the General Election.

In the beginning of April, an policy with the tighter fiscal next September the opportunity per cent the highest permitted ticipating an increase in the policy. He argues that monetary

Bank) lowered its discount rate indicated that the banks should deficit and the repayment of revival in industrial investment the banks bave made big the compulsory purchase of in order, Governor Lars Wohlin deposits by only 0.5 of a per-said, to help stimulate a centage point.

Some state local, the cash ratios (the for. The Riksbank has so far They have, for instance, been amounts the banks are required this year allowed the money encouraged to borrow abroad in supply to grow rather faster from 2 to 4 per cent. The than the dampened inflation banks are also subjected to rate. However, it has retained gins after the strong profit fiquidity reserve requirements, its controls and has asked the recovery they experienced last which in the case of the big Government to renew for a third commercial banks are approach- year its right to regulate ining the 50 per cent limit allowed terest rates.

Sweden

WILLIAM DULLFORCE

While the Riksbank aims at carefully controlled reflation of industry, private bankers argue that the minority anti-Socialist government's goals ing controls on banking and Bankers are disappointed that so little has been done since the anti-Socialist parties took power in 1976 to imple-With the Social Democrats in in public speeches against com- a strong position to return to

that the Government is aiming advances in the past six years, state bonds, to which the banks Swedish customers, and last year about two-thirds of such lending (outside the bank's compulsory placements) was financed in this way. On the domestic market, however, bankers complain that controls on their operations have produced a swelling "grey market" in financial trans-

> The discussion between the bank and the Riksbank about two liberalising changes, which started last year, has so far not borne fruit. The changes borne fruit. The changes mooted were to replace the present liquidity reserve requirements by a "marginal liquidity" system and to introduce bond investment funds managed by the banks.

The first suggestion has been giving greater room for market baulked. Mr Sven Wallgren. Director-General of the Bank Iospectorate, has been asked to study and report on the second. ties took power in 1976 to imple- The idea is that the banks ment assurances that banking would sell to the public shares in funds holding state bonds. This, it is argued, would make it others, that the banks pursue easier for the Government to too cautious a policy in lending ment paper. At the same time Government cuts back its finan-

are at present subjected.

The Riksbank, in fact, showed willingness last November when it allowed banks to reduce their own purchases of state honds, by authorising them to deduct a proportion of a new Government saviogs bonds issue they sold to the public from the amount of state bonds they would normally be obliged to buy. It is taking time, however, to get the bonds fund allocated.

Government budget deficit and the current account deficit - SKr 15.8bn last year, SKr 14bo forecast this yearremain the dominating sbortterm factors on Swedish bank-ing. In 1981 the State was responsible for about balf the total oet borrowing in the country and for about 70 per ceot of borrowing on the bond market. This year with a state borrow ing requirement of around SKr 80bn, or close to 13 per cent of GDP, the crowding out is likely to be even stronger. changed to allow them to offer

Argument continues over criticism, voiced by Industry Minister Nils Aasling among cover the budget deficit by moti-vating the banks to sell Govern-pared to take risks. As the

annual accounts for 1981 were The bankers retort that free- of its certificates in the first ing interest rates would make it two weeks. easier for them to charge premium rates to high risk con-

more loans not secured in fixed Despite the controversy over money market has come alive since the introduction of bank on equity, the best result ever certificates two years ago and recorded by a Swedish bank.

Logging operations in the forestry sector, one of Sweden's leading resource industries cial backing for companies which in February Svenska Handels run into trouble, the banks are banken introduced certificates of becoming more exposed, but the deposit which differ from the credit losses showed in their bank certificates only in carrying variable interest rates. The

bank sold more than SKr 1.5bn

The banks can scarcely complain about earnings in 1981. cerns. It has also been Nearly all reported substantial suggested that regulations be profit growth, with Skandinaviska Enskilda Banken notching up a 63 per cent increase. How-ever, pride of place perhaps sbould go to Skanska Bank, the controls the Swedish banking provincial bank for southern scene is far from stagnant. The Sweden, which achieved a return after tax of 23.7 per cent

A substantial increase in earnings

THE DANISH business community bas good reason to be thankful in these difficult days for the prudent legislators who decided that Danish commercial business losses have risen dramatically, as reflected in the banks and savings banks. The central bank estimated in its February quarbanks and savings banks must maintain a ratio of equity capital to deposits and guaran-tees of eight per cent minimum, which makes the Danish banks among the most soundly based in the world. Consequently, although the banks have had to bear very great losses on bad there have been no serious repercussions

The exception is Henriques Bank, a small institution with a special significance. The bank was founded in 1972 by the Henriques stockbroking firm, a member of the banking consortium which arranges loans abroad for the Kingdom

When Henriques Bank was threatened with liquidation the other three members of the consortium-Copenhagen Handelsbank, Privatbanken and Danske Bank—came to the rescue, putting up DKr 36m in and loss account as the change new share capital after the bank'a original sbare capital was of the respective accounting written down to five per cent or years.

Denmark

HILARY BARNES

DKr 1.1m. The collapse had an added international dimension in that Philadelphia National Bank bad a 10 per cent shareholding in the bank.

The atory is a cautionary tale of a bank which was founded in the optimism of pre-oil crisis days and on the eve of Denmark's membership of the EEC. Almost immediately it faced a dramatically changed world and never managed to build up the serves necessary to act as buffer against sudden and substantial losses. Within a matter of a few

weeks the rising value of the Swiss franc against the Danish Luxembourg. krone, declining values of paper held against security in property and the burden of a building project which the bank had to wholly-owned subsidiary in Lontake over from a customer overwhelmed it. The three big banks took over

Henriques Bank-which will continue as an independent other middle-ranking banks entity under its old name—to save the international reputa- ship with other Nordic and tion of Danish banking.

stockbroking founded in 1801, will remain a rosy. Business condition in Denmember of the loan consortium, mark remain extremely difficult although it is an anachronistic and member. It owes its place to its against losses will bave to be historic role as adviser to the Danish Government and it has kept its place even though it has never grown into a significant financial institution while deficit and the continued subother much larger banks have been kept out.

It is characteristic that Henriques' losses were in the building and property sector, both suffering from a severe on by brought interest long-term rates of about 21 per cent, which after inflation gives a real rate of interest of about 10 per cent. Building, agriculture and vehicle dealers (the latters' problem is not so much interest rates as high vehicle taxes) are the three areas have suffered heavily in the crisis.

Business losses have risen estimated in its February quarterly bulletin that loss provisions have risen from 11 per cent, or DKr 400m, of profits before taxes and loss provisions in 1977 to 45 per cent, or DKr 3.9bn in 1981. Loss provisions of DKr 6bn in 1980 and 1981 together were substantially higher than the aid provided to the private enterprise secto through the budget in the same period, the bank noted.

What the banks bave lost on the private sector, however they have recouped on the of the largest banks loss provisions have been of almost the same order as operating pro fits (before depreciation) and bottom line figure has only come out in black because of substantial gains in the value of portfolios, which under Danish accounting practice are entered into the profit in value between the final days

With massive budget deficit the banks bave been buyers of paper, most of which is short and medium-term and under a regime of rising interest rates has therefore risen rapidly in price as maturity approaches Io addition, with real interes rates of 10 per cent the banks investment incomes arising from purchases of government paper have risen rapidly.

The other area where the earnings substantially is in international business. The larger banks earned from to a third of their 1981 profits from international bust which has expanded rapidly over the past few years In addition to the participation in the Nordic consortium banks perating from Znrich, Geneva Paris, London and New York the larger banks all have wholly-owned subsidiaries in

Privatbanken has adopted lts own strategy by setting up a don, Privatbanken Ltd. which made a handsome DKr 17m pro fit last year, and a branch office in New York. Several have set up abroad in partner foreign banks.

Prospects for 1982 are oot substantial made again this year—though they should be somewhat lower than in 1981.

The bigh and rising budge stantial deficit on the current balance of payments ensure that interest rates will remain high, and if private sector capital imports do not pick up this year there is a real possibility that the central bank will be forced again to increase the discount rate-now 11 per cent.

The general theme of the banks' annual reports is that operating earnings will this year be more or less in line with last year's. Barring unfavourable year end portfolio adjustments this means that net earnings will also remain stable or perhaps improve slightly.

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Expert Banking By The Leader

Part I closes with reviews of Spain and Portugal, heading for EEC membership, and of Greece, the latest addition to the Community

Public confidence retained despite wave of failures

as the difficulties of a few badly fraudulently managed Spanish banks has extended itself into a serious and costly banking crisis. In relation to the size of the Spanish banking and system with total liabilities of around \$29bn the four-year-old crisis has probably been greater than that of Britain's fringe and found itself saddled with a

banking authorities reckon that bank failures have affected around 4 per cent of total deposits, with net losses so far of some \$600m. Given the scale of the crisis, with at least 20 banks directly affected. the extent to which the banking system has managed to contain its impact and retain public ronfidence is greatly to its credit.

The crisis has gone through several phases but as a geoeral rule the causes have been broadly the same. Lax banking rontrol coupled with a liberalisation of the norms for estab-lishing banks in the early 1970s permitted a group of bankers to emerge who had little cooception of how to operate when the recession began to be felt in

Incompetent management was rompounded by over-rapid expansion financed expensively achieved through offering extra interest under the table. To these ingredients for disaster were added instances of bank shares bought through "shell" rompanies on behalf of directors and financed with overvalued assets or direct investments in falsely valued property.

The first backs to collapse were all small. On the whole the more recent failures have tended to be larger entities who managed to spin out their attempts at survival. Back in 1978 not even the bank of Spain envisaged such a protracted crisis, which has persisted in large measure because the economy has continued deep In recession far looger than anticipated.

Banks which might have survived as a result of an upswing in the domestic economy especially the case with the industrial banks with large portfolio stakes and loans in recession-hit industries - bave beeo caught by an obstinate refusal of the growth rate to of the bank whose failure could rise above 1.5 per cent. Along- have caused the most damage

tinually soared.

Bankunion, Spain's second biggest industrial bank and the 13th largest private bank, with total deposits of \$1.3bn. Bankunion had a portfolio of 120 companies small loss-making commercial bank, Gredos (whose name was changed to Ahorrobank) and over \$200m directly and indirectly fied up in Spanish motorway investments. with the n For the past three years it a deadline.

has been struggling, seeking to diversify quickly into com-mercial banking. It was increasingly dragged down, however, hy its heavy investment in Ioll motorways which, though a highly profitable long-term asset, produced small short-term returns. Thus even though Bankunion recorded a bookkeeping profit in 1981 of \$9m, the rescue nperation mounted in April required funds of over \$400m. Bankunion has now been taken over by Banco Hispano Americano, Spain's third largest bank.

This operation was carried out with the assistance of the Deposit Guarantee Fund-the hody jointly financed by the Bank of Spain and the banking community, who contribute on the basis of one per 1,000 of their peseta deposits.

Because Bankunion's prob-lens were well known in advance the authorities were able to tackle the rescue of Bankunion calmly—and perhaps just as important avoid a takeover by the Deposit Guarantee Fund itself, which would bave proved far more costly. Indeed, the authorities would far prefer it if the Fund merely acted as a source of soft financial assist-ance but all too often the Fund has found itself assuming direct

responsibility.
One of the principal difficulties in the Bankunion case was gathering together from a bost of small sharebolders a sufficient bolding to attract a potential purchaser. As it is Hispano was only able to get an initial block of 48 per cent. It is to be hoped that the saga of Bankunion marks the beginning of the end of the crisis—or at least the solution

are still over 50 of the 130 The most recent instance of a commercial and industrial banks bank in difficulties concerned in the country (the figure includes the 30 foreign banks) which cannot pay dividends. Moreover, there are few outside the circle of the Big Seven commercial banks that can comply fully with Bank of Spain regulations on making provisions for loan losses and doubtful debts. The Bank of Spain has explicitly acknowledged this by allowing the banks progressive compliance with the norms, with 1986 as

> Acrording to the Bank of Spain, there was a marked slow-down in the increases in provisions for bad and doubtful debts in 1981. Last year this provision rose only 11 per cent to Pts 104bn against increases of 43 per cent and 35 per cent

years. This is because the big tage of high interest rates and 1979 of the foreign banks under per bead of population. banks have been the ones since 1978 increasing their provisions in very substantial quantities and they are now satisfied that they have adequate risk cover. averaging close to 1.5 per cent of total risk.

Spain ROBERT GRAHAM

Provision for bad doubtful debts has been an important drain on profitability this has been partially nffset by careful use of tax reliefs in this respect. Furtherreliefs in this respect. Further- of hanks operating has not Spain is very heavily branched: more, the better managed banks shown a noticeabla contraction. only in Belgium does Europe

financing operations. At the

last count there were over a

dozen, with a very strong U.S.,

continued wide margins. Thus profits have remained bealthy. profits for 1981 rose on average over 25 per cent; this was after they had been able to take advantage of a relaxation in the 1945 law that beld dividend payouts to 6 per cent.

The Big Seven banks continue to dominate the banking system. In order of deposit size they are: Banesto, Central, Hispano, Bilbao, Vizcaya, Santander and Popular. If their affiliates are included they account for nearly two-thirds of rommercial bank

Yet although this dominance continues, it is equally important to stress that the number

a new decree the overall num-

increasingly with the latter. The fact that the big banks are unwilling to merge and absorb these small banks underlinea the importance of the balief that a regional or purely local identity still counts. How much longer this belief will persist remains to ba seen, since pressures on costs—especially staff overheads—is bound to raise the need to rationalise. Spain is very heavily branched:

side this, all costs have conto the banking system. There respectively in the Iwo previous bave been able to take advan- Indeed with the advent since bave a higher ratio of branches that with 30 major international

ber bas increased. The small competition for business and Among the Big Seven banks net and medium-sized banks have banks are beginning to be managed to retain their identi- highly image-conscions. At the unlikely to be allowed to buy up ties and even raise their share same time the traditional any more local banks, excep of the market—though since distinction between industrial many of these are now con-nected with the Big Seven very rapidly eroded. The take-through direct equity stakes over of Bankunion by Hispano the real share of the market is leaves Urquijo as the last independent hank classified as an industrial bank — and Urquijo no longer sees itself as an industrial bank but rather as a merchant bank also offering a range of services that includes commercial banking. All the other big banks have their own industrial/ investment and merchant arms. As for the foreign banks, it now seems that the authorities will placa an informal curb on

There is now much more the total is sufficient for the size of the Spanish economy The foreign banks are also where no local offer is forthcoming for an ailing institution. The purchase by Barclays of Valladolid and by BNP of Lopez Quesada last year were probably, in retrospect, excep-

Only a limited number of foreign banks are interested in being involved on the retail side in Spain and the Spanish banks themselves are reluctant to let foreign hanks are interest in pecetration. The foreign banks for their part appear contect, having worked their way round the restrictions on peseta dealings, and are turning in good further admissions. They feel profits.

Still waiting for promised review of constitution

DEFINITION OF Portugal's banking system will have to wait. The much-beralded April review of the 1976 constitution with its economic restrictions -is beginning to look more lika

an autumn affair. When it finally happens the review and mild de-socialisation of the language of the constitution will not enter into the specifics of renewed access for private capital to Portuguese banking and insurance. That will be left to ordinary legislation, which could take many months.

around the visitors' room until the legislature delivers itself of a new basic law for the Portuguese economy.

In between the bouts of pacing, of course, foreign banks can apply for permission to open representative offices— as launching pads for full operations, the law allowing. A number bave already been

authorisations, for the Societe Bancaire de Paris which operates at Oporto, outlet for 80 per cent of Portugal's exfamily driven out by the 1975 abroad. revolution.

lisation net in March 1975 when the Communists were out to Thus the foreign banking gain control of the means of community has another long finance and production. Today wait ahead, figuratively pacing the Banco Espirito Saoto E Comercial de Lisboa has a pala-tlal headquarters on Lisbon's main avenue — planned by the family years before they were stripped of their banking and bolding company assets but only inaugurated in 1980. As balfowners of the Societe Bancaire de Paris the Espirito Santo's are back as a foreign bank in their own country.

was dragged into the nationa-

authorised and begun to make The nationalised banks are,

their presence discreetly felt in meanwhile, not doing too badly. Some, with the kind of competitive management prone to high pontificates about modernisation, mechanisation and muscle, do their best to

British and Freoch presence. One of the most recent elbow their way through the bureaucracy that hampers them. They can take some consolation ports, marks the return of a from a more dynamic presence

At home they ore limited by The Espirito Santo's Bank lending ceilings, lengthy red as dragged into the nationa- tape delays on investment Iochanges in their boards every three years, including numerous political appointees lacking in banking knowledge, and salary

> A senior (unrotated) director, who can earn no more than Esc 100,000 a month (\$1,400)the Portuguese maximum wage -is in real terms getting only three eighths of the income be enjoyed in 1973. Graduates of the banking system who spent some time in government after the revolution had to fight like demons to bave the maximum a Brazilian bank under that

wage lifted from Esc 30,000 in country's Resolution 63. A fifth competitive with Hong Kong 1975 to Esc 40,000 in 1976, while it is now nominally higher, it has been eroded by mounting inflation.

To encourage bright young management trainees and staff as a whole the Banco Portugues do Atlantico bas pioneered a staff incentive system, to obtain which it bad to do battle with

Portugal DIANA SMITH

the Finance Ministry. By a set of performance bonuses, fringe benefits like a car for senior managers and greater wage flexibility, the bank hopes to elicit conduct from its staff more resembling the private sector Other banks have followed suit.

The Banco Portugues do Atlantico this year became the first Portuguese bank to join the lead managers of a syndicated Republic of Portugal loan (\$300m) and to lend money to of its funds are raised abroad.

It is closely followed by the Banco Totta 1 Acores, botly opening agencies abroad—the latest in Macau. Indeed it is almost impossible nowadays to discuss Portuguese banking without looking at the one remaining colony, Macau, by all accounts an oriental outpost on the verge of a financial boom. Work is well advanced on pre-

statute there. Nearly \$200m is being spent on modernisation and expansion of the island's telecommunications system—until now pretty weak. The location and the tolerance of the People's Repub-lic of China for the tiny island enclave, only 16 sq km in dimension, bave already made it a

paration of an offshore floance

thriving export-import centre and a sturdy bridge into business with China. Portuguese banks have been. granted priority in opening new agencies there but 20 foreign banks are already quening up for permission to operate.

Overall operating costs are far lower and Portugal's sovereignty is not subject to a lease as is that of Britain's in

Hong Kong.
Coming back to Portugal, it is not certain that all eight nationalised banks could survive liberalisation of the system.

There will be no de-nationalisation of these banks. They will simply be exposed to toughforeign competition. Chances are that two or three weaker vessels, troubled by overstaffing -as are all the nationalised banks-but with fewer ways of coping, and hampered by sluggish operations and low; profits, could be swallowed up by two or three of the stronger institutions. The stronger banks see this not as good business but as necessary housekeeping.

What a strong bank can do with 2,000-3,000 staff inherited : from a weak one is a dilemma. Under present labour laws redundancies or early retirement : are hard to achieve. But these laws too are up for review some

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Concern about profit margins and scope for business

banker.
All commercial banks, Greek
and foreign, are disturbed over
oarrowing profit margins and
what is identified as a serious
crowding out of the privale
sector in banking operations.
They are bracing themselves for a confrontation with employee unions over wage and other demands which they estimate will add between 33 and 35 per cent to labour costs.

They foresee a further increase in the mandatory deposits with the Bank of Greece, the central bank at interest rates below the cost of money to finance a public sector deficit that last year represented 15 per cent of Gross National Product (GNP).

They see no possibility of any move towards a long-promised liberalisation of interest rates. At the same time foreign baoks in Greece, which do 80 per cent of the shipping husiness out of the port of Paraeus, bave a special problem over a Bill which, if enacted as drafted, could lead them to change status to simple repre-

sentation offices.

Balanced on a razor's edge of unusual sharpness, bankers have adopted an attitude of public silence—and it is always a bad sign in Greece when the

a bad sign in Greece when the complaining stops.

The basic problem is one of margins. Tight credit policy, ostensibly linked with a Government desire to hring inflation down this year to a modest 20 per cent but in fact dictaled by tbe public seclor deficit, led in press for unified salaries 1981 to an increase of between despite strong opposition 1981 to an increase of between 54 and 56 per cent of the pro-portion of bank deposits tied down in mandatory placements in Treasury bills and other reserves, for the most part at motiors. If incomes were based 13 per cent.

As a result of a complex system of compulsory reserves quiin part offset by releases emp depending on the type of loan, could an estimated further 10 per resp cent of reserves are tied down finaat zero interest. One banker right observed that with the cost of money at about 18.75 per cent, I per cent of average income from interest diverted to support a government export trade scheme and a further one per cent set aside for questionable debls, the profit margins were brought down to such levels that banks were living on the income from fees, services, letters of guarantee

and return on capital. situation bas been

these days could be an expediturnover tax has been intion in search of a happy creased from 9.2 per cent to 10.4 per cent and stamp duty from 1.2 per cent to 3.6 per cent. There is to be a compulsory revaluation of fixed assets with the added value to be subject to tax, an annual property tax of 1.5 per cent on the current value after the assessment and a 4 per cent increase

in dividend tax on income earned in 1981. The customarily militant Panhellenic Federation of Bank Employee Unions Bank Employee (OTOE) has this year put forward demands going well beyond guidelines set in the

Greece

VICTOR WALKER

Essentially, OTOE is asking for a new structure of unified and alaries throughout the banking system based on the number of years worked in or out of banks, with an across the board increase matching the rise in the consumer price

Bankers observe that this rould mean an office boy "after ten years in overalls" carning more than a newly appointed department manager.

The unions are also asking for the release of one full-time union official for every 250 union members.

The federation decided tn solely un length of service, tbev d, a young man rising in a large bank, or an of a small bank, d himself given added ollity without . rewards he had a

· expect. A . nking team is now costing o various hypotheses as a preliminary to opening negotiations. An agreement, when reached, will be dsckdated to January and will apply to all hanks, even though the foreign banks and the smaller Greek ones have formally reserved their positions.

Looking at the overall situation bankers see little bope that per cent of the Piraeus liberalisation of interest rates exposure is said to involve liberalisation of interest rates would be possible even if this

since the elections of last October brought to power the

Socialist Government of Dr Andreas Papandreou.

While bankers speak of 120 different interest rates administratively, there are four basic maxima: 21.5 per cent on working capital and trade: 105 working capital and trade; 18.5 per cent on long-term fixed capital; 14.5 per cent on loans to small business; and 10 per cent for the export trade.

Bankers say a further reduction of interest rates on time deposits, already lowered once this year, may soon be necessary. At present these range from 20 per cent to 16 per cent depending on the amount of the deposit. A 1 per cent drop throughout the scale is thought possible, along with an increase from 3m to 10m drachmas in the deposit requirement for the maximum rate.

An entirely unexpected new problem for foraign banks bas been raised by a Bill now before Parbament which unless amended as a result of pressure from banking and shipping interests would subject loans contracted in foreign currency to 2.4 per cent stamp tax. Such loans which relate making to loans, which relate mainly to the shipping sector, have up to now been exempted from this duty, which had been applied only on drachma loans.

A banker in Piraeus sald that A banker in Piraeus said that the 2.4 per cent would be an unacceptably high additional charge for shipping loans, which normally rum into millions of dollars and could neither be absorbed by the banks nor passed on to the customers. He forecast that banks would react by down. banks would react by downgrading their operations to representative offices which would negotiate the loans in Greece but conclude the agree-ments abroad. This would deprive the state of taxes equal to close on 50 per cent of the loan spread and hazard the jobs of between 1,800 and 2,000 Greek staff now working for foreign banks in Greece.

This situation has arisen at a time when banks are already showing what is termed "re-markable understanding" of the difficulties of Greek shipowners in a depressed market. The total exposure of banks in Piraeos to Greek shipowners is put at between \$2bn and \$2.5bn out of an overall world total to Greek owners of \$6bn. Some 80

ONE DEFINITION of a worsened this year by a range were still long-term Government. Rather than "pull the rug" purposeless operation in Greece of new and increased taxes, these days could be an expedition to be the subject of the su

One banker predicted this situation could not continue much beyond the end of the year. If there were no market recovery by theo, he said there was a danger that small banks with little experience in shipping participating in ronsortia loans would put pressure on the agent banks that it would be hard to resist. "Civilised" methods of reduc-

ing exposure, which a banker said he believed were being pursued quietly in back rooms, included the disposal of part of a fleet to spread the loans on the rest or bank-promoted substitutions of weak owners by stronger ooes, since "large companics have no danger of going under."

Meanwhile the Government has submitted to Parliament a Bill abolisbing the Currency Committee-previously watchdog of Government economic policies—and shifting its functions to committees inside the Bank of Greece.

The idea is to give the Bank of Greece a greater degree of independence in the execution of Government policy.

The Bank of Greece intends to carry out a closer credit surveillance, including examination of books of com-mercial banks, to make sure credit policy is adhered to, and to train staff more effectively as auditors of the banking system. Although the Government is committed to "change" the central bank is understood to take the position that overnight liberalisation would be a disruptive shock to an economy that bas adjusted over many years to

the system of administered interest rales. It is expected, however, that the Government will seek to channel more financing resources to the countryside, in particular countryside, in particular through loans for bousing and small-scale agricultural businesses.

One observer has described as "a major mental block" in the banking system the principle that the purpose of a loan was less important than the security of the collateral offered. In contrast to foreign banks in Greece, he said, Greek banks placed too little emphasis on training managers in project

MR REAGAN'S BUDGET

It won't be so easy this time

By Reginald Dale and Anatole Kaletsky in Washington

PRESIDENT Ronald Reagan economic policies, tried to has never abandoned his belief that, in the 1980 election, the American people gave him a clear mandate to do a number of things that successive presidents had failed to do in the previous decade.

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The themes are familiar by now: the rearming of America. balancing the budget and unleashing the country's economic potential by cutting taxes and government spend-

ing. Last summer, partly by appealing to the people over the beads of the Congress for support for this philosophy, be scored the sensational tax and budget cutting victories that laid the foundations of his economic programme. In the past week, he has been trying

later, on prime time television. he blamed the Democrats for the breakdown and once again appealed to grass roots Americans to let their elected representatives know how firmly they support Reagan-

But it has been clear for a long time that this tima round it is going to be far less easy for the President. Despite this he has so far devised little in the way of new lactics. And bis speeches bave become so pre-dictable that it is almost a waste of time to listen to them. Meanwhile the political climate in this election year is

very different from a year ago. Mr Reagan's standing in the opinion polls has plummeted even faster than that of President Jimmy Carter over the equivalent period of his term. The long awaited economic recovery remains as elusive as ever and in the face of high interest rates and high unemployment Mr Reagan bas failed so far to stamp out the widespread image that he is pro-rich and anti-poor, not to mention anti-black.

The right-wing Southern Democrats, the so-called "boll weevils," on whom he relied for budget support in the House last year, are not going to be coaxed into repeating the process so smoothly this year. In response, the President

counter distorted attacks by his critics with his own simple facts and figures (often subsequently attacked as wrong), presented himself as the man of compromise over the budget and branded the Democrats as the party of high taxes and high government spending.

He has officially thrown his weight behind a constitutional amendment, currently under consideration in Congress, making a balanced budget obligatory unless opposed by a two-thirds majority of both

In fact is it hard to avoid the impression that both sides in the end wanted the budget negotiations to fail. The Democrats did not want to be past week, he has been uying to do the same again.

Five waeks of discussions aimed at reaching a bipartisan compromise on the fiscal 1983 budget had collapsed on Wednesday. Twenty-four bours leaves the White House's main objective. objective.

The gap between the two sides is a wide one. When the talks finally broke down the Democrats were pushing for new revenues of \$165bn over the next three years to close the yawning budget deficit gap. Mr Reagan said he could go an further than \$122bn and even that was excessive. Throughout be has insisted that he would not tamper with his three-year tax-cutting programme.

Even though both sides more less agreed on what the size of the deficit should be-just over \$100bn next year — they could not agree on how lo get there. The Democrats wanted cuts in defence spending, the Republicans cuts in social programmes. The breakdown, the White House said, was due to a total "difference in philosophy" philosophy."

The question now arises whether any budget can be salvaged from this wreckage at all. It is a vital question because wilhout a new hudget the federal deficit will be \$182bn next year.

Mr Reagan's original February budget remains on the table but everybody, including the President, accepts that it would be rejected if put The compromises offered by the President in the sense. Because the two houses final hours of talks on Capitol of the Legislature are domin-



President Reagan (left) and House Speaker Tip O'Neill: war of wills between Congress and the While House.

U.S. BUDGET DEFICIT FORECASTS

(111)	11101144		
Reagan's February Budget proposal Revised April figures Baseline deficit*	1983 — 91.5 —101.9 —102	1984 82.7 93.8 216	1985 71.9 \$1.8 233
Reagan's final deficit reduction proposal!	72-77	128-133	183-194
Deficit after proposed reduction —I	an were ta		

in its final negatisting working paper.

Sources: White House and Other of Management and Budget

and \$122bn of tax increases over likely to produce very different three years-have been withdrawn, Similarly the Democrats have withdrawn tocir comproraise proposals.

The Preslednt has in effect, abdicated his power to initiate economic policy, leaving it to major cuts in defence spending be thrashed out hy a parlisan, politically-oervous Corgress.

The House and Senate hudget committees now have to devise fiscal plans to satisfy their own criteria of equity, political acceptability and economic acceptability and bas Jaunched a campaign Insist. Hill last week — including a aicd by opposing parties, their ing on the "fairness" of his \$28bn cut in defence spending two budget committees are

packages.

With cuts in social security pensions now apparently ruled out of court because of their electoral explosiveness and with the President lobbying against or alterations to his tax programme, the Republicans are in real confusion about where to turn for additional deficit "The Senate

reductions. Republicans have plenty of plans-and each plan would get exactly one vote," says one congressional official.

The House budget committee, which has a Democratic

majority, may find it easier to produce a coherent budget plan but it would be one that the President will inevitably oppose with all his political might. Now that any pretence of bipartisanship is gone, the Democrats will probably propose to rescind the 1983 tax cut, cut back defence spending to a real growth rate of 5 per cent instead of 10 per cent and allow for higher social spending.

Some Democrats contend that their deficit reduction programme should also include a demand for easier monetary policy, leading to lower interest A one-point reduction in interest rates would take \$20bm off the deficit.

If the hurdle of agreeing on any programmes at all is passed. each committee will present its recommendations for a vote on the floor of its house. In theory this should happen by May 1a, but even in more propitious years this deadline bas been missed by a few weeks.

At this stage another round of partisan horse-trading begins in order to turn the House and Senate budgets into a document which will be acceptable to both. This process of comproimse is done by a "conference committee" of the two houses.

In the past agreement was usually reached by "splitting the difference." But if the two hudget versions are fundamen-tally incompatible, the conference will be faced with the daunting task of splitting the difference between an apple and an orange.

When, and again if, the conference can strike a compro-misc, both houses will again vote on its report. If they assent, the first hudget resolution is passed. This resolution, which is only advisory, provides the framework for 19 or more committees in each house to write legislation implemenling the new tax and spending policies for the year ahead.

It is only when the work of all these committees is done that legally binding bills, authorising new laxes and expendi-tures, are ready to be put to the vote. This is the point at which the President can intervene most effectively if he is not prepared to accept Congress's economic plans. year he dld this by Last

urging bis supporters in Congress to put forward a single "Omnihus Reconciliation Bill,"

to cover all programmes. thereby turning what would normally bave been a complicated series of political compromises into a single vote of confidence in Reaganomics, An alternative strategy for the President would be to veto any unacceptable tax or spending

any other way. The budget could get stuck at any of these or many other points which have been left out in this highly over-simplified account. So it is not surprising that even the most experienced congressional observers have no real idea of how U.S. fiscal

policy will now unfold.

decisions which be cannot bait

Partly because of this, President Reagan's opponents may short-circuit the budget process in a much clearer test of wills. Sometime within the next few months, and quite probably before the end of May, the Federal Government's debt is expected to hit the ceiling of \$1.079bn, set by Congress last

This ceiling, which is legally binding, would normally be raised as a matter of course. This year, however, both Democrats and fiscally conservative Republicans see the debt ceiling as the best possible opportunity to confront the Presi-dent with need for immediate measures to reduce deficits.

A resolution to raise the debt ceiling could include a rider repealing the 1983 tax cut or even a more complex set of tax and spending reforms. If he vetned such a resolution, the President would be putting in jeopardy the whole operation of the Federal Govern-ment in a much more comprehoosive way than his temporary closure of Federal offices last

In theory an impasse over the debt ceiling Bill could, according to some . Democrats, . even threaten the paymen; of interest on the National Debt. In practice. Congress would be extremely unlikely to go to the extreme of bankrupting the U.S. Government It could, however, opt to increase the debt ceiling hy small sums over short periods in order to keep the

It is impossible to predict who would win in such a war of nerves. But what is almost certain is that the U.S. economy, and with It the world economy

pressure up.

Lombard

Meanwhile here back at home...

that the Falklands crisis has hasis of import invoicing and in the British economy. Has it the dollar should have a 56 per really? The answer is, up to a ccot weighting compared with point. For there are two 26.6 per cent in the official gloomy ilems which would cer- average index (which is mainly tainly soon be in the headlines were not all eyes on the Sonth

First, that very wobbly index, industrial production, has not been doing too well. It is not clear whether this has been due just to strikes and bad weather over the winter or whether the downward woblile has been genuine. But the fall of over 1 per cent in the Index in the three months to February is likely to carry over into the real GDP for the first quarter of the year, which is hable-on first estimate at least—to drop.

More seriously, the headline unemployment figures which are at present not moving very much, will before long be affected by the annual exodus school-leavers, and could reacb a peak of 3im in, say, September.

The unmistakably good news has been on the inflation and financial fronts. In the months up to March the Retail Price Index, excluding seasonal foodstuffs rose at an annual rate of only 7) per cent. Allowing for distortions and special influences, inflation is almost certainly already in single figures. Now that it is not being scrutinised so attentively. Sterling M3 is coming within the new target zone and the 1981-82 PSBR has undershot.

Interest rates have so far stood up well in the Falklands crisis. The three months interbank rate, at just over 131 per cent, is scarcely higher than before the Argentine invasion of the islands. We will have a clue to bow much official massaging there has been of sterling when the April reserve figures are published this week.

The main effect of the crisis has been to intensify the downward slippage of sterling against the dollar which has been going on throughout the year. The unannounced semilarget range of 88 to 92 for the trade weighted average has not been breached.

Simon and Coates in Its Economics Analyst states that laken entirely at their face the sterling-dollar rate is more value.

A BELIEF has been spreading important for inflation. On the obscured a major improvement. North Sea oil, it concludes that export based). There will, bowever, be no need to go ioto too deep a discussion of this argument, if the dollar were to fall back against the Continental currencies, against which it is very high and vulnerable. The sterling-dollar rate would then benefit from the backwash.

But to come back to the real" domestic economy: the best evidence from industrial surveys and from the Central Statistical Office indicators suggests that output is gradually rising, despite the first-quarter wobble. This puts Britain ahead of the OECD. which has just reduced its 1982 gross forecast for the whole area to zero.

The corner has probably been turned in the labour market too. Unemployment-which is still rising slowly on an adjusted hasis—is a lagging indicator. But vacancies, which follow the cycle more closely, have been fluctuating around 110,000 so far this year compared with a low point of 90,000 last year. Rather more important, the gross monthly inflow of new vacancies on to the register has risen from 140,000 to over 160,000. Both outflows and inflows from the unemployment register are up by 50,000, a normal sign of a cyclical recovery. This has all happened in the face of falling short-time and increased over-time which — without some underlying recovery — would bave held back the demand for new workers.

In itself these indicators are cause for relief rather than ex-citement. The economy has fallen off Mount Everest and climbed up Box Hill. More fundamental is the change in investment behaviour compared with the last recession. Total investment has fallen more; but the drop is accounted for by housing and the public sector. Privale investment actually increased sligblly between 1979 and 1981. This is both encouraging and surprising in the light of sales and profits and light of sales and profits, and may also suggest that figures of always interesting monthly unused capacity should not be

Letters to the Editor

Accomplishing large and difficult flotations

From the Chairman, Accepting Houses Committee Sir,-It would be a plty, from the point of view of the majority who derive their sustenance from the private sector, if the advance towards privatisation of public sector industries were halted through

misunderstanding of the prin-

ciples involved. The Public Accounts Committee, which bas just reported the denationalisation of British Aerospace Cable and Wireless and Amersbam International, stops sbort of con-demning the officials of the Department of Industry and of the Treasury for the methods which they bave used to achieve these objectives. The Committee fairly recognises that it is easy to be wise after the event Nevertheless, it expresses vague dissatisfaction and auggests that something should be done in future cases without

offering advice as to what this something should be. The facts are that two blocks of BP shares and three nation-alised industries were floated onto the market by the proven method of the owner, in this case the Government, offering sbares for public subscription. In the three latter cases in question (but not in the others) the public response was such as to suggest that the offers were underpriced. The Committee finds cause for objection in both the apparent under-pricing and the fact that the five offers. producing £1,300m, were underwritten by the financial community at an aggregate cost to the public purse of £21.3m (inclusive of VAT).

Starting with the second point and ignoring VAT (which is always emotive and usefully increases indignation) the Committee was really suggesting that Government should act as its own underwriter and carry the risk of the shares not being bought in the public offer. The Committee failed to recognise that if this were done and if the public were, contrary to

expectation, not to come forward with their applications the object of privatisation would not be achieved. The simple fact is that If an offeror underwrites his own offer and no-one takes up the offer, for instance because it is too bighly priced, the self-underwriter ends up baving sold nothing. But he will have wasted heavy advertising, legal and account-

accy costs (which can be nearly as much as the underwriting commissions saved) not to speak of the political cost of egg on his face. The Committee does not seem to have realised that if the Government arranges to have its offer underwritten by 500

members of the financial community the shares in question will at the very worst (a) be sold and (b) be distributed amongst initially 500 share-holders. Nor did it recognise that the very act of underwriting serves to encourage subscriptions from underwriters and gives confidence to the general public. The three transactions which

appear to have been underpriced were all handled by members of the Accepting Houses Committee, the trade association of the principal merchant banks of which I am chairman. It is quite clear from the evidence to the Public Accounts Committee that the instructions to the merchant bank advisers were to make proposals designed to ensure that the offers of shares resulted "successes" rather than " failures.

In the language of the trade is an issue which failure is less than fully taken up by the public to whom it is addressed so that a call has to be made on the underwriters; everything else is a "success." Pricing a new issue correctly requires a fine skill but one which is rendered imprecise in the case of a public offer for sale by the sheer elapse of time

tion lists. This interval is dic-tated by the need to advertise widely the prospectus and give the public time to make up their minds and mobilise their funds -and cannot be less than a week. A week is a long time in

equity markets. Pricing an issue under these circumstances so accurately that the offer is only just covered is rather like trying to land a helicopter on top of Ben Nevls in a high wind. It can be done but there is a large risk of undershoot or overshoot resulting in a forced landing many hundreds of feet from the target area.

It is perfectly understandable why the instructions to the merchant bankers were to plan for a "success" rather than for a "failure." Having myself been chairman of an important engineering company that was sold to the public at an overprice some years ago. I know exactly how demorahising it is board and management to see the sharea languish for many years at well below the issue price with the bulk of them still in the hands of the original underwriters; for one thine, recourse to the capital market for funds for the company ia blocked until the sale is digested. More important still is the fact that if one major privatisation is seen to be a failure," subsequent privatisations will be made that much more difficult and, to the tax-

payer, costly. The truth of the matter is that large and difficult flotations can only be accomplished if the imagination of the general investing public can be fired. In this the speculator plays an important role. Because of his intervention a series of successful " issues will realise overall a much higher price for the vendors than a series of failures." The cost of overshoot is nowhere near as great as It appears. But overshoot it bas to be. I. J. Fraser.

21. Moorfields, EC2.

Investing for pensions

From the Managing Director. Godicins

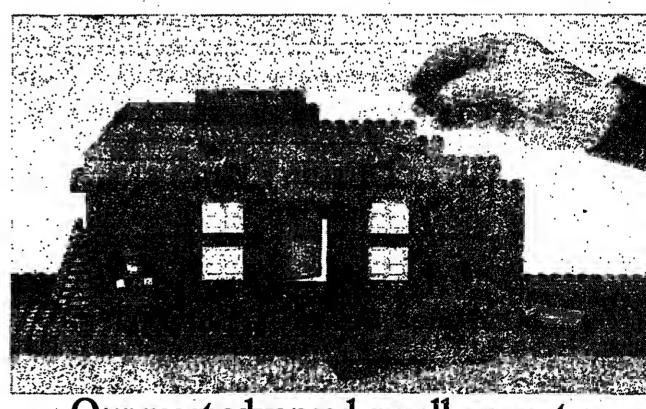
Sir,-Mr Patterson (April 26) oversimplifies the financial equation on contracting out by concentrating in isolation on the gap between the average yleld from time to time on the fund's investments and the rate at which Guaranteed Minimum Pensions (GMP) liabilities are being revalued. Two refine-ments must be introduced which render inappropriate the ceneralisation of his couclu-

Government actuary The assumes a gap of 1 per cent coupled with a yield cent. The Government's additional risk margin reduces this gap to roughly 1 per cent at the same yield of 9 per cent. At higher yield levels however. "break even" gap reduces and can even become negative. This is because the extra investment yield affects the equation through to the death of the pensioner whereas the extra revaluation of GMP affects the contracted-out scheme's lia-bility only up to retirement age -the state revalues the GMP

during payment.
A typically invested fund
(say 60 per cent equities, 25 per cent gilts and 15 per cent property) will have achieved a yield of around 18 per cent per annum over the first four years of contracting out and the rates of revaluation for that period for a scheme which remains contracted out also average 16 per cent per annum -i.e. a " nil gap." However, the fruits of such an investment policy could be invested today to yield a guaranteed 14 per cent initial yield leaving in dnulit only the reinvestment rate and the rate of GMP revaluation. Funds which do not follow this strategy expect to do better.

To "use up" the full 7 per cent rehate which has been enjoyed for that four year period the future gap between reinvestment and revaluation would have to be a negative 2 per cent. As long as a scheme can continue to obtain bigb initial yields it can afford to be pessimistic about the "reinvestment gap " and still break even -a little less pessimism and it can expect a profit. If initial rates fall significantly (say to under 10 per cent) then would be the time to hegin to reexamine the 'position but not

similar conclusions, D. J. D. McLeish. Victorin Road, Farnborough, Hanis.



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Development in the regions

From the Managing Director, Blay's Guides

Sir,—In your regional developcase for spending less money on regional assistance and more on retraining people into new skills. Such a policy, however, will only be successful if jobs requiring new skills are available locally when their training is complete. In other words, it should be part of a well planned

industrial and employment strategy for the area.

between the fixing of the terms and the closing of the subscrip-

One of the most encouraging features in recent years has been the success of regional organisations in attracting new businesses and jobs to their Morelon makes an interesting own areas, and the practical way towns and cities throughout the country are now tackling the

same problems. But some financial assistance for industry must be available to get results. Local initiatives, often started by councils end Churchfield Road, Chalfont St Peter, Bucks. supported by local businesses

assisted areas. Donald Black Blay's Guides,

can be far more effective in creating viable new jobs than anything else, but there is no substitute for even limited loans/grants for premises and job creation to get business started or to encourage others to come. I hope that the Government's review of regional, retraining and employment policies will take this into account both in and outside the

A similar approach can be adopted to assess the revised rebale of 61 per cent with Associated Heat £18m valuation

LCP expands U.S.

automotive business

EQUITIES

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Resumpletion data usually last day for dealing tree of stamp duty. A Figures based on prospectus estimats. In Dividend rate paid or payable on part of septial; cover based on dividend on tall capital. If Assumed dividend and yield. I indicated dividend: cover relates to previous dividend, P/E ratis based on intest amount semings, in Forcest dividend: cover based on provious year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. I Figures assumed. A Figures or report availed. I Cover allows for conversion of shares not now ranking for dividend or making only for restricted dividents. F Placing price. In Pence unless otherwise indicated. I issued by tarder. I Distered to holders of ordinary shares as a "rights." Issued. I issued by tarder. I Distered to holders of ordinary shares as a "rights." Issued by vary of expiritisetion. S Reintroduced. I lessed to former preference holders. I Atlotment letters (or infly-poid). O Provisional or parity-paid atlotment letters. If lestings under appeals fluid. A Unitested Securibles Market. It London Listing. I Effective Issue price after scrip. I Formerly deak in under Rule 162(2)(3). A I Listi comprising the explanty and three Cop. sheres. A leaved free as an antitlement to Ordinary helders.

EDINBURGH EXEMPT FUNDS

	30.4.82 Bid	Offer
AMERICAN FUND	68.0pxd	70.9pxd
JAPAN FUND	253.2p	264.0p
PACIFIC FUND	106.3p	110.9p
EDINBURGH FUND 4 Melville Crescent, Edinburg	MANAGERS LIMI th EH4 7JB. Tel:	TED 031-226 4931

Of the 3.2m shares offered for

sale, 800,000 are new ordinary sbares issued by the company which a subsidiary of Ocean Trensport and Trading is now selling. The remaining 60 per cent of the shares are owned services group.

Associated Heat designs and

Clayton Son

WITH SECOND balf pre-tax profits falling from £342,000 to

281,000, Clayton, Son and Co (Holdings) incurred losses of £100,000 for 1981 as 2 whole, compared with profits of £613,000

in the previous year. The final dividend is raised from 4.6025p

to 5.0683p for a same-again total

Turnover of this engineer showed 2 modest improvement

from £11.51m to £11.87m. The

pre-tax figure was after associates profits of £201,000

(£121,000). There was a tax credit of £373,000 against 2 charge of £78,000. There were minority credits of £26,000 (£1,500) and extraordinary items

of £77,000 (£30,000). Stated earnings per 50p share

were 11.96p (39.35p), excluding extreordinary items. On 9 CCA basis, there was a pre-tax loss of £503,000 (£173,000 profit).

Barclays Merchant Bank is

edvising Hawley, while stock-brokers for the offer for sale will be Carr Sehag.

methanical and electronic equipment which in 1981 had

sales of U.S.\$21m (£12m).

Listing for

subsidiary

Hawley

£100,000

deficit at

The prospectus for the offer-for- maintains heating systems for a Stockhrokers are Rowe and profits have only moved from sale by tender of 3.2m shares in wide variety of clients, including Pitman. £2.6m to £2.9m while sales have sale hy tender of 3.2m shares in wide variety of clients, including Associated Heat Services is publical suthorities, commercial lished today. The minimum and industrial customers. lished today. The minimum and industrial customers, tender price is 230p which Founded in 1966, it sales in 1977 capitalises the company at reached £11.9m. By 1981, sales had climbed to £31.1m.

Pre-tax profits between 1977 end 1981 increased from £1.2m to £2.7m. The company forecasts and 2.4m represent the stake that sales of the year ended last March will be £36.2m and profits will be £2.9m.

The directors intend to pay a equally by the National Coal net dividend for the year ending Board and Compagnie Generale de Chauffe, a French heating the interim dividend.

comment

AHS is a rare animal indeed; no other company in Britein £1.5m to £2.6m) was aided in tries to tackle a client's energy large part by stock profits. Still, comprehensive service for an increasing emphasis on high-designing, installing and maintaining heating equipment monitoring and optimising AHS' bankers reasoned that the energy use. At the minimum

£2.6m to £2.9m while sales have ploughed ahead by 36 per cent. Further, the company says that the strong profit advance between 1979 and 1980 (from costs with the same sort of AHS offers a quality service with market might have a little extra tender price of 230p, the fully-enthusiasm for such e company taxed p/e of 12.5 seems to and advised a tender in order reasonably discount the duil to funuel any such excitement profits of recent years. It's little to more cash for the vendors. S. G. Warburg, the merchant rather uninspiring profits cent yield at the minimum hank, is advising the company. record. For the last two years, tender price

Hallam loss of £0.56m for year

motive parts retailing in the U.S.

LCP's wholly owned U.S.
subsidiary Whitlock Corporation has acquired the capital of CAL Anto Stores, which operates 26 automotive companies which will integrate with its nationwide expansion plans. The company is confident that the acquisition of CAL Auto will add materially to sales and earnings growth in the years alread. SYSTEM BUILDINGS maker Hallam Group of Nottingham moved further into the red in 1981. After a £291,000 deficit balfway, it reported a pre-tax loss of £557,000 for the year, compared with £83,000.

Turnover was higher at £11.4m (£11.15m). Tax took £49,000, down from £67,000. No ordinary or preference dividend is being paid for the year.

The directors say intense competition and an iodustrial dispute hit margins in the system building division. Demand for Volumetric Houses remains satisfactory, but orders for other products have fallen below expec-

Intake of orders eppears to be improving, they say, and the company should benefit from the re-organising of some activities undertaken this year, at a cost of about £183,000, and from an expected improvement in margins arising from product rationalisation. The plastics division has been performing

On 9 CCA basis, pre-tax loss is £610,000 (£158,000).

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

уваг	yeer .	
*AEMay 27 Int. rul *Akroyd and	*Hepworth (J.) May 7 Int. 0.79 Hicksen end	
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Allied	Hill SamuslJune 11 Finst 4.8	
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IndsMay 11 Int. 0.8	Land	
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60C May 25 Int. 2.3f	NorthernMay 20 Final 2.35	
*Bank of	London Q'eeas	
Ireland. May 13 Final 3.5	Freighters:June 10 Finel 1.072	
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Bsih end -	MarleyJune 3 Int. 1.0	
Pertland, June 5 Int. 2.0	*Metal Sex June 7 Finel 8.51	
BootsMay 2f Final 4.625	"Mowlari	
*British Home	(Jahn)May 5 Final 5.85	
Stores,May 10 Finel 2.75	Northsm .	
*British Sugar May 5 Int. 7.5	FeodsJune 4 Int. 1.8	
*Srixton	Peniet	
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	P & 0May 5 Final 5	
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PropMoy 29 Final 2.4 Carless Capal June 2 Final 1.75	McDougell, May 2f Int. 1.524	
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9rosMay 5 Int. 5.0	*Royal Bank	
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*OabenhamsMay 21 Final 4.324	ScotlandMey 6 Int. 2.4 Sainsbury (J.) Mey 5 Final 5.0 Samuel (H.)June 10 Final 4.75	
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	SketchleyJune 6 Final 9.2 StakleMay 26 Int. 0.45	
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*Gerrard and	HouseMay 13 Int. 3.0	
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	iseus since made. 1 Forecast.	
Heath (C. E.) May 19 Final 7.4	198 As 3111CB IIISCS! 14 Gracesc:	

LEOPOLD JOSEPH

Edinburgh Investment Trust has acquired a further 107,000 ordinary shares in Leopold Joseph Holdings, the investment holding company, bringing its shareholding to 295,500 (11.24

MANIFOLD INDEXING

Manifold Indexing of Leyton. East London, has recently been acquired by three executive directors. Mr Roger Powell, Mr Fred Ralph and Mr John Reeve Edinburgh Investment says the purchase is purely an investment decision to build up its stake.

Free Ralph and Mr John Reeve from its parent company Icore Superflexit. Also joining the board is Mr Len Weaver of P.E. Consulting Group.

Fitzwilton mid-term fall

ons presently extend as far Mid-West division, assuming the nuth as Oklahoma.

Whitlock plans to continue to Mr Helft.

Taxable profits of Dublin-hased investment company Fitz-wilton fell from 12679,000 to 12543,000 in the balf-year to December 31 1981.

December 31 1981. Hawley Group, the diversified leisure group, is seeking a full

Anto Stores, which operates 26 automotive DIY stores in California. The purchase consideration, which will be

adjusted by reference to asset value, is expected to be in the region of \$2.7m in cash, of which \$600,000 will be deferred for

As a result of this purchase Whitlock now becomes a major new force in the retail auto-motive field with 75 stores in 10

mainland U.S. states covering the East Coast, the West Coast,

and the Mid-West where opera-tions presently extend as far south as Oklahoma.

five years.

The interim dividend is maintained at 2p net per 25p share—last year a total of 5.5p was paid stock exchange listing for its wholly-owned U.S. subsidiary, Electro-Protective Corporation. from pre-tax profits of £1.22m (£1.8m). Electro-Protective, which was traded on the U.S. Over-The-Counter market before Hawley

Mr Tony O'Reilly, chairman, says the group's textile importing and distributing subsidiary mg and distributing subsidiary debit (nil) for Fitzwitton's si made a useful gain and there was a sociate, the attributeble profits attributable to the composer of Electro-Protective's insued share capital through an offer for sale. A maximum of 37.5 per cent of Electro's sbares will be reserved for Hawley share-holder.

depressed nature of the domestic economy, Mr A'Reilly adds.

Pre-tax profits were struck after interest charges of £40,000 (£37,000) and depreciation of £24,000 (£27,000) and included associated profits of £258,000 (£205,000). Tax took £80,000 (£25,000). Following a £51,000 debit (nil) for Fitzwitton's share of an extraordinary loss of an

of an extraordinary loss of an associate, the attributeble profits emerged at £412,000 (£604,000

tion, several senior management changes have been made within the Whitlock. Mr Norman Helft

becomes group director of corporate merchandising and a senior vice president. Mr Bill

Edvenson becomes president of CAL Auto and will shortly move to Catifornia. Mr Bill Fox Jr. becomes general manager of The

National Auto Chain (the East

Coast division) assuming the

responsibility formerly held by Mr Edvenson, and Mr Len Shilz becomes general manager of the

The following compenies have notified	d M.
dates of board meetings to the Stoc	k NSS
Exchange. Such meetings are usualt	v Pent
held for the purposs of considering dividends. Official Indications are no	g Than
avaliable as to whether dividends at	
interims or finals and the aubdivision	S Arm
shown below are based mainly on las	nlug Tr
TODAY	City

Lucas has acquired Ledex Inc.
of Deyton, Ohio, e leading U.S.
manufacturer of electromanufacturer of electroMidfond Marts, Roberts Add Finals: Foseco Minsep, French Kier, Midfand Marts, Roberts Adfard, Scottish Heritable Trust, Sound Diffusion, A. G. Stanley, and Tootel.
FUTURE DATES The value of the purchase was not disclosed.

per (Frederick) May 1f

M. Y. Dar. NSS Newsagents	May 11 May 11 May 15 May 1	,
Finals;		
Arrow Chemicals	May 7	,
Bulmer and Lumb	May 12	
City of Oxland Invest. Trust	May 12	į
Courtaulds	May 27	,
Garner Booth	May 6	j
Holical Bar	May 6	i
Minster Assets	May 26	
Discount	Mar. 00	

TR Property Investment Trust

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

merhanical

LUCAS U.S.

EXPANSION

May 4, 1982

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

(An agency of the Crown in right of the Province of British Columbia, Canada)

U.S. \$200,000,000 143% Notes, Series FK, Due 1989

absolutely and unconditionally guaranteed as to principal and interest by

PROVINCE OF BRITISH COLUMBIA (CANADA)

The following have agreed to purchase the Notes:

Deutsche Bank Aktiengesellschaft

Algemene Bank Nederland N.V.

Banque de Paris et des Pays-Bas

Bayerische Landesbank Girozentrale

Dominion Securities Ames Limited

McLeod Young Weir International Limited

Morgan Stanley International

Société Générale de Banque S.A.

Swiss Bank Corporation **International** Limited

S. G. Warburg & Co. Ltd.

The Notes, which are to be issued at 993%, have been admitted to the Official List by the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of a temporary Global Note. The Notes bear interest at the rate of 143% per ennum from May 6, 1982, Interest is payable annually in arrears on May 6 in each year. The first such payment of interest will be due on May 6, 1983 and will amount to a full

Particulars of the Notes are available in the statistical services of Extel Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including May 18, 1982, from:

> Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

The Notes have not been registered for offer or sale in the United States and may not be offered or sold in the United States or to hatlonals or residents thereof.

IN BRIEF

6DWATER CDRPORATION group)—Results for 1987 repor April 7, 1982. Sharehelders' Section 1, 1922 Statement tunder (5383,2m (5382,5m); current assets (550,3m (5382,5m); hat current assets (550,3m (536,5m); increase in net liquid funds (21m (530,1m decrease)). An experience payment of £25,000 (£9,000) was made during the year to a lormer director. Meeting: Hotel Inter-Continental, 1 Hamilton Place, W. en May 21, at 11.30 am.

W. en May 21, at 11.30 am.

JARDINE THOMPSON GRAHAM
(Lloyd's reinsurance broker)—including
reinsurance company ectivities of
Glanvil Enthoven for six months, group
profit for year (88f was E3.17m
(£1.72m). Turnover rose by 55 per
cent. Company is pert of Jardine
Insurance Stokers.

MARDERS (HOLDINGS) (paint and
printing with manufacturer)—Results
for 1981 reported March 26 1982. Fixed
assets £21.59m (£3.38m); net current
essets £11.59m (£3.38m); net current
essets £11.59m (£3.38m); netresse in
not liquid lunds £3.34m (£1.68m).
Meming: Wolverhampton, April 29, st
noon.

BLACKWOLD HODGE (earthmown BLACKWOIII HODGE (earthmowing equipment sales and sarvice)—Remits for 1981 reported April 15. Sharodders' funds £58.19m [£67.77m). Fixed essets £45.07m [£42.12m]: current assets £195.08m (£179.75m), including stocks £123.74m (£115.04m) and debtors £53.07m (£58.78m); current kizh-litete £143.87m (£134.54m); current kizh-litete £143.87m (£134.54m). Term loads totalited £24.13m (£15.15m). Increase in net bank indebtedness £15.68m (£1.89m). Chalmen's amelument £35,617 (£25,802). Meeting, Corchester Hotel, W. May 28, 12.15 pm.
ANCHOR CHEMICAL GROUP—Results ANCHOR CHEMICAL GROUP-Results for 1981 and prospects reported April 15. Shareholders' lunds £2.33m (£2.09m). Fixed assets £1.59m (£1.62m); net current essets £841,758 (£571,963). Increase in working capital £295,582 (£426,504 decrease). Members at the Hewlett lentity and certain tamily trusts have informed that they hold in aggregats 19 per cent of the ordinary ehero capital. Maeling: Manchester, May 18, 11.30 am.

May 16. 11.30 am.

ASSOCIATED BIRIK PUBLISHER5 (publisher and booksoffer)—Results for 1981 reported on April 8 1982. Shareholders' funds £10.43m (£8.72m); fixed easets £4.02m (£3.99m); not current assets £9.7m (£7.51m); increase in ns1 liquid funds £1.47m (£880,000). Cheirman aays recession is still with ue and all signs point to continuing restrictions in consumer and institutional spending. the effects of which will be ing the effects of which will be inhibiting for several years ahead. Company is, nonetheless, capable of steady growth. Mosting: 11, New Fetter Lane, EC, May 25 or noon.

GIBBS AND DANDY (builders' merchants) — Results for 1981 reported April 5. Group fixed seests £2.5m (£1.92m), net current assets £1.68m (£1.81m). Sharoholdere' funda £3.83m (23.88m). Chairman says mileses. Home Improvement Grants and ieduction in mortgage rate should increase demand end group could reep some benefit in second hell. Retail promises new open on Saturday afternoons and early indications suggest this move justified. Mooding, Luren, May 19.

KLEINWORT SENSON LONSIDALE featker and invostment trust)—Results KLEINWOHT SENSON LONSINALE (banker and investment trust)—Results ler 1981 reported on Merch 31 192. Shambelders' funds £171.1m (£154.86m); customors' deposits of geld and silver £500.7m (£556.46m); acceptonces on behalf of customers £412.67m (£373.1m); balsaces with bankers, money at oall end bullion £132.51m (£138.86m); loans to local authenties and hanks £810.15m (£731.23m); investments £84.42m (£74.79m). Moeting: 20, Fenchurch 5treet. EC, May 18 at \$14.45 am.

ROCKWARE 回

Recovery Beginning

- Pre-tax profits recovering.
- Interest charges down.
- Tighter control and positive cash flow.
- Dividend maintained at 3n a share.

"The measures we have taken have turned a loss making second half 1980 and first half 1981 into a profit for the second half of 1981 of £2.6m. We believe that the further actions we have taken will bring us forward into better times for 1982 as a whole and profitability beyond, which our efforts are aimed at achieving."

J. H. Craigie, Chairman

Summary of Results

	Year ended 27th December 1981	Year ended 28th December 1980
	€000	£000
Sales	161,580	169,765
Profit before taxation	899	472
Earnings per Ordinary Sha before extraordinary iten		0.29p

ROCKWARE GROUP plc

Copies of the 1981 Annual Report and Accounts may be obtained from The Secretary, Rockware Group plc, Rockware House, 17/21 Victoria Street, Windsor, Berks SL4 1HG.

SUMMARY OF GROUP RESULTS

1981

1980

	£m	£m
TURNOVER	955.8	873.0
PROFIT BEFORE TAX	14.1	15.2
PROFIT attributable to Ordinary Shareholders	5.0	5.7
EARNINGS PER SHARE	6.1p	5.9p
DIVIDEND PER SHARE	7.0p	7.0p

Sir John King, Chairman, reports:-

- * Strong positive cash flow.
- * Improved operating efficiency.
- * Currently better business outlook.
- 1981 dividend maintained at 7p per share.

Copies of the Annual Raport may be obtained from The Secretary, Clavelend House, St. James's Square, London SW1Y 4LN.

Babcock international pile A LEADER IN WORLD-WIDE ENGINEERING

cloi raten; (sxC) exchange cartificate rate: (k) Schodulod Territery: (nc) non-commercial rate; (nom) nominati (o) efficial rate; (sg) selling rate.

	PLACE AND LOCAL UNIT	VALUE OF E STERLING	PLAGE AND LOCAL UNIT	VALUE OF £ STERLING	PLAGE AND LOCAL UNIT	VALUE DF
	Afghanistan Afghani	98,00	Greenland Danish Kroner	14,265	PeruSol	exo (A11,088,5
	Albania Lek Algeria Dinar	10.17	Granada (\$1 E. Caribbean 5	4,86	PhilippinesPhilippine Peso	14,91
	Andorra French Francisco	8.1448 10.920	Guadaloupe Local Franc Guam U.S. S	10.920 1.7940	Pitceira lelanda (Si 'L' Sterling New Zealand S	2.3196
	Spanish Pese	ta 185.85	Guatemala	1.7940	3	f (Cm)148,56-
	Angola Kwanza	(CMi 50,7025	[Guines Republic Syli ·	39,33	PolandZioty	m148.66
	Antigua (5) E. Carl bbean \$	(f) 62.691 4.85	Gunez Bissau Peso Guyana (Bi Guyanasa S	70.11 5,3700	PortugalPortugu'se Escudo Puerto RicoU.S. &	127,00
	Argentine Ar. Peso	21,855.0 (3)			Qatar (5)Qatar Ryal	6,51
	Australia (\$) Australian S	1.6895	Haiti	8,97 3,52	Rounion ile de laFrench Franc	: 10,920
	Austria	20 405	Honduras Repub Lempira Hong Kong (5): H.K. \$	10.425		//Cm)7.91
	Azores Portugu se Esc		The second secon	61,8100:	Rome niaLeu	(into) 18.47
١,	Bahamas (gl Ba. Dollar Bahraia (S) Olnar	1.7940	Hungary Forint	1	RwandeRwand Franc	168.97
	Balearic Isles Spa. Pesata	0.675 18\$,85	leciand (S)I. Krona	1 19.0212	St. Christopher (9)E. Caribbean S	4,85
	Bangladash (S) Taka	38.25	India (S)	18.70	St. Helena £ S. Lucia E. Caribbean S	4.85
	Barbados (S) Barbados 5	3,588	Indonesia Ruplah	1,170.5B	St. Plerre Local Franc	10,920
	Belgium 9. Franc	((cm) 79,10	Iran Rial	146,00(sg) 0,62677	(St. Vincent rS)E. Car.bbean S	4.85
	Bellze B 5	(in) 85,80 3,588	traq traq Olner Irish Republic (k) Irish e	1.2110	Salvader El Golon	4.51
٠	Berin C.F.A. Franc Bermuda (S) Bda S	546,00	Israel Shakel	37.15	Samoa AmericanU.S. S	1,7940
	Bermuda (S) Bda S	1,7940	italy Lira	2,330.00	San Marine Italian Lira Sao Tema & PrinOobra	73,10
	Bhulan Indian Rupes	16.70	Ivory Const G.F.A. Franc	546.00	Saudi ArabinRyal	5.14
	Bolivia Bolivian Peso	(FHA) 179,40	Jamaica 191 Jamaica Dollar	3,2077	Sonegal C.F.A. Franc	. 545,00 11,32:441
	Botswana (S) Pula	1,6690	Jamaica 191 Jamaica Dollar Japan Yen	423,0	Scychellos S. Rupee Siorra Leeno (S)Leene	2.1540
	Brazil	279.40	Jordan (Sj Jordan Diner	0,612	Singapore (S) Singapore S	3,7900
•	Brunei (S)	1.7940 3.7800	Kompuches Riel	2,162,9	Solomon (slauds/S/60lomen to, \$	1.6395
	BulgariaLev	1.8738	Kompuchea Riel Konya iSi Konya Shilling Kiribalr Australien 9	i 19,900 1,6995	Somalı Republic Semalı Shilling 11: Somalı Republic Semali Shilling (2):	(A·11.59 22.35
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	Canery Islando Spanish Posets	195.85	Laos Naw Kip	17.94	Spanish ports in	1 100.00
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	Cayman Islands (S) Cay, Is. S . Cont. Afr. Republic C.F.A. Franc	1,4950 546,00	Lesotho Loti Liberia Liberian 3	1.7940	ari Lonka iaia. L. Kupee	36.90
	Ched C.F.A. Frans Chile G. Peso	546.00	Libya Ubyan Dinar	0.6311	Sudan RepublicSudan 1 (u)	1,6146 3,2113
	Chile G. Peso	(Bk:70.30	Liechtonstein 9 wiss Franc	3,\$15	Surinam	1.8736
	China	3,2819 (F) 111.37	Luxembourg Lux Franc	79,10	Swaden	10.40 3.515
	Comoro Islands C.F.A. Frans Congo (Brazaville), G.F.A. Frans	546.00	Macae Petaca	12,03	SyriaSyria £	(A)10,0
	Congo (Brazaville), G.F.A. Franc	546.00 ((0) 35.88	Madelra	127,00	Talwan	68,17
	Costa-Rica Colen	(F) 71.76	Malawi (Sr Kwache	1,9200	Tanzania (S)Tan, Shilling	16.55
	Cuba Cuban Peso	1.4610	Malaysia (Sumanna Ringgl)	4.1195	Thailand ,, "Baht	41.12
	Cyprus (S) Cyprus £	0,8180	Maldive Islands (S) Rufiyas Mali Republic Mali Franc	13.54	Toge RepublicG.F.A. Franc Tonge Islands (S)Ha'anga	546.00 1,6995
	Czechoslovakia Koruna	/(com) 10.80 { n/c 19.91	i maita isi Mait asc £	0.720	Trinidad (5)Trinidad & Teb. S	4,3056
		(T)18,20	Martinique Local Franc	10,92	Tunisla Tunislan Dinar	0.990(59)
	Denmark Oanish Krone	14,265	Mauritania Ouguiya : Mauritus (S) M. Rupoe	92.01 18,950	Turkey,Turkish Lira Turks & Calcos , U.S. s	263,07 1,7940
	Dibouti Fr. Dominica (9) F Caribbean S	300 (ag)	Maxico Maxicon Poso	83.50	Tuvolu Australian S	1,6895
ı	Dominica (9) E. Carlbbean 5 Dominican Repub. Dominican (Per	0 1.7940	Miqueion	546.00 10.920		150.0
		0) 44,84	Mongolia Tugrik	(o)5.78(I)	Uganda (S) Uganda Shiiling Unitad States U.S. Dellar	. 1.7940
	Ecuader Şucre	(IF) 77.60	Mengola Tugrik Moniserral E Caribbean S Morocco Dirhem Mozambique Metical	4.85	UruguayUruguay Paso	demi21.82
	Egyp1Egyptian £ Equatorial Guinea Ekucle	(U) 1.59 371.7	Morocco	10.50(sg) \$3.19	Utd. Arab EmiretceU.A.E. Dirham	6,57
	Equatorial Guinea Ekucle Ethiopia Ethiopian Birr				U.S.S.R Rouble	: 1,2805 546,00
		(P) 3.6400	NauruAustralian Dollar	1,689\$	Upper Velta G.F.A. Franc	
- 1	Falkiand islands(S) Felkland is £ Fargo islands Oanish Krone	-1.0 14,26S	Nepal	23.68 4.635	Venusiu Vatu	170.65 1,699\$
	Fiji Isinds Fij is	1.6445	NatherlandAntillesAntillian Guilder	3,2113	Vatican	2,330.00 7,75
ı	inland Markka	8.1633	New Zcalend(S:N.Z. Dollar	2,319\$	Vonszucie Bolivar	
	France	10,920	Nicarague	18.02 546.00	VietnamDong	(D4.25(1)
J	ranch Guiana Local Franc	546.00 10.920	Niacria (8)	1,193199 (sg)	Virgin Island U.S. U.S. Oeliar	1,7940
ï	rench Pacific Is C.F.P. Franc	190.520	NerwayNerway Krone	10,73	Western Samoa (9.) Samoan Tale	2,08
	Sabon Q.F.A. Franc	546,00	Il man Bul'ete ef (SiRial Omani	0,619	Yemon (Nth)Rya!	
-	Sambia (Si Dalasa Sormany (East) Ostmark	4.0 4.185	Pakistan	20,47	Yemen (Sih)S. Yemen Dinar	9.14(sq) (A)0,619S
1	Sormany (Best) Ostmark Sormany (West) Osutsch Mark	4.185	PanamaBaiboa	1.7940	YugosleviaNew Y Olnar	91,8551
-	Shane (S) Cedi .	4.90	Papue N.Guinea (9) Kina	1,2895	Zaira RepublicZaira	10.05478
(Sibraltar (K) Gibraltar £	1.0	ParaguayGuarani	(D) 237.11 (F) 291.54	Zembia	1.6225 1.31\$0
- 1	reace Orachma .	112,292		111/201.04	THE PERSON OF TH	

75 25. ** Rate is the trensfer market | controlled) | \$\frac{1}{2}\$ Now one chicket rate. (U) Unified rate. agreement with Egypt and who are not members of IMF. (||) Based on gross rates against (2) Exports, non-essential imports and transfer. (3) Now one rate. (4) Essential goods.

FT Share Information

The following securities have been added to the Share Information Service. Amersham International (Section: Chemicals). GRA Group (Leisure). **Immediate Business Systems** (Electricals). Oceanics (Electricals).

MANNIN DIAMOND

INVESTMENTS

LIMITED

Bid: 400: Offer: 440

Tel: 0634 822091

: 1:522 ue aimai

earence

TS

accept the Britaonia Arrow THE TRING HALL USM INDEX

122.1 (+1.0) Close of business 30/4/82 BASE DATE 10/11/80 100

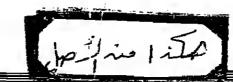
drawn its offer for General and has completed the acquisitions Commercial Investment Trust io of Reddish Chemical Company the light of Britannia Arrow and Reddish Detergents. Coo-Holdings' higher hid. General sideration was satisfied by the and Commercial's directors say issue of 2.58m new ordinary they will write to shareholders shares in Breot, whose directors sooo to recommend that they say the group's preliminary accounts for March iodicate an

Improving trend.

_	LADBROKE INDEX
	Close 572-577 (-5)

Bance Zarageze

Petrolibe



U.S. \$50,000,000

European Asian Capital B.V.

(Incorporated with limited liability in the Netherlands)

Guaranteed Floating Rate Notes Due 1992

Unconditionally Guaranteed by



European Asian Bank

Aktiengesellschaft (Incorporated with limited liability in the Federal Republic of Germany)

The following have agreed to subscribe or procure subscribers for the Notes:

Merrill Lynch International & Co. Chemical Bank International Limited Creditanstalt-Bankverein The Hongkong Bank Group National Bank of Abu Dhabi Orion Royal Bank Limited

Samuel Montagu & Co. Limited Citicorp International Bank Limited Deutsche Bank Aktiengesellschaft IBI International Limited Nomura International Limited Société Générale de Banque S.A.

Sumitomo Finance International Swiss Bank Corporation International Limited. Takugin International Bank (Europe) S.A.

The issue price of the Notes, which are in denominations of U.S. \$10,000, is 100%.

The Notes have been admitted to the Official List by the Council of The Stock Exchange subject only to issue. Interest is payable semi-annually in arrears in May and November, the first payment being due nn November 15, 1982.

Full particulars of European Asian Caoîtal B.V., EUROPEAN ASIAN BANK Aktiengesellschaft and the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including May 28, 1982 from the

> Cazenove & Co 12 Tokenhouse Yard London EC2R 7AN

KCA BROKERS

KCA International and KCA Drilling have appointed Rowe & Pitman as stockbrokers to their companies and Samuel Montagu as their merchant hankers as from May 1 1982.

SHARE STAKES

Sieetley Company - Mr R. D. Turner, director, has sold the following shares: - 50,000 ordinary shares beoeficially held and 45,000 ordinary shares held as

LOCAL AUTHORITY BOND TABLE

	Annual	loteres	t.	Life
Asthority (telephone number in parentheses)	gross interest	•	Minimom sum	of bood
Knowsley (051-548 6555)	% 137	i-year	£ 1,000	Year 4-8

Public Works Loan Board rates

Effective April 24

Quota	loans	a1	Non-quota	loans	A- repay
EIP	A‡	maturity§	by EIP†	A‡	maturity
143	· 14½	147	154	151	151
143	14	143	15½	153	15#
14:	14 Ē	143	15}	. 15	15₹
14¥	143	143	15!	153	15₽
241	14	143	152	151	15#
143	142	142	15	153	15\$
14?	24	14:	156	131	15∉
14!	142	142	15		152
14;	143	142	15\$	15.	15 }
	EIP# 14% 14% 14% 14% 14% 14%	EIP† A‡ 14½ 14½ 14½ 14½ 14½ 14½ 14½ 14½ 14½ 14½ 14½ 14½ 14½ 14½ 14½ 14½	141 142 141 142 144 142 145 146 142 146 142 142 146 141 142 142 141 142 142 143 144 144 145 144	EIP† At mahmity\$ by EIP† 141 141 143 151 142 144 145 151 144 144 145 151 144 144 145 151 144 144 145 151 144 144 145 151 144 144 145 151 144 145 145 155 144 145 145 155 141 142 145 155	EIP† At mahmity\$ by EIP† At 141 142 143 151 152 142 144 144 155 153 144 144 144 155 153 144 144 144 155 153 144 144 144 155 153 144 144 144 155 153 144 144 144 155 153 144 144 144 155 153 144 144 144 155 156 144 144 144 155 156

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly aonulty (fixed equal half-yearly paymeots to include principal and interest). \$ With half-yearly payments of interest only.



Results for the year ended 31st December 1981

Upward trend confirmed

Profit before taxation £33 million ... up 26% over 1980

Turnover £721 million

Order intake £1200 million

Exports from UK £145 million ... representing over 30% of total U.K. turnover.

Strong balance sheet Capital expenditure £38 million

	YEAR ENDED 31.12.81	YEAR ENDED 31 12 80 £610 million	
TURNOVER	£721 million		
PROFIT BEFORE TAXATION	£33.033 million	£26.064 million	
PROFIT attributable to NEI Shareholders (after taxation and extraordinary items)	£19.447 million	£16,204 million	
EARNINGS PER ORDINARY SHARE — Net basis **gdjusted for Rights issue	10.34p	10.51p*	
DIVIDEND PER ORDINARY SHARE	4.125p	3.75p	

Copies of the report are available from the Company Secretary, Northern Engineering Industries plc., NEI House, Regent Centre, Newcastle upon Tyne, NE3 3SB.

Northern Engineering Industries plo ... engineering for industry worldwide

Anotheryearof enterprise in energy.

The British National Oil Corporation commenced business on 1 January 1976 with a staff of five; at the end of 1981 the Corporation employed over 2,300 people, 93% of them in Scotland.

Its yearly pre-tax profits had risen to over £430 million-by any standards, in any industry, a remarkable achievement.

Today, the Corporation-• is the most active explorer in the United Kingdom Continental Shelf, being involved in 35% of the exploration and appraisal wells drilled during 1981.

 is Operator for three fields-Thistle and Beatrice in production, and Clyde scheduled to come on stream in 1987.

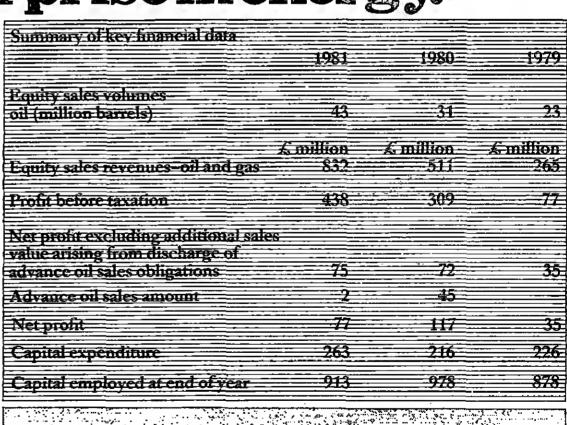
• is equity partner in another four producing oilfields (Dunlin, Murchison, Ninian and Statiford), two under development (Brae and Hutton) and the Viking gas field.

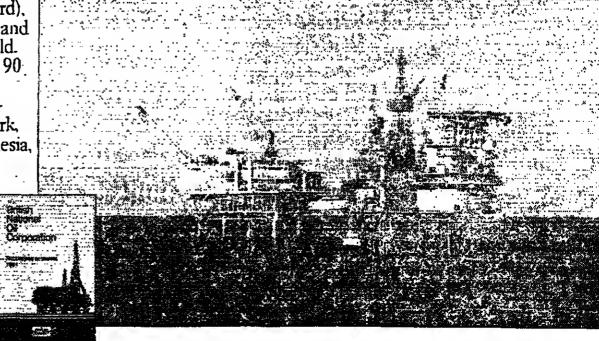
• is in partnership with nearly 90 companies on the UKCS.

• is forging important international relationships-in Denmark, Dubai, France, Malaysia, Indonesia, Venezuela and elsewhere.

• is the major trader of North Sea oil.

The Government's plans to introduce private equity into the Corporation's exploration and production activities in 1982 are well advanced.





Copies of BNOC's 1981 Annual Report can be obtained by writing to: The Public Affairs Department, British National Oil Corporation, BNOC: 150 St Vincent Street, Glasgow G2 5LJ, Scotland.



U.S. insurance faces

APPOINTMENTS

Senior partner at Deloittes

replaces Mr David Rae Smith Mr F. H. Mandy, Mr J. D. Planl who has retired.

appointed in the boards of the WINN UNDERWRITING (Clemeot Theobald and Soo). BET GROUP'S three plant nire AGENCIES. companies - Graystm, Eddison Plant and J. D. White.

J W. S. Lewis bave become BELGRAVE (BLACKHEATH). SHEPPARDS AND CHASE .

GODSELL AND CO has BURY BUILDING SOCIETY appointed Mr Brian M. Riceman with effect from May 1 1982.

appointed Mr ian Moffat as a Hospital since 1960 and chairman

Mr Peter Dew has been appointed a director of GT MANAGEMENT.

Mr G. H. Bignall has retired as chairman of JOHN BEALES ASSOCIATED COMPANIES. Mr David Tlitle has been appointed cliairman in addition to his TROLS responsibilities as managing of BTR.

Mr Jerome L. Hanan has been appointed a director of THAMES INVESTMENTS AND SECURI-

GARDNER MOUNTAIN and CAPEL-CURE AGENCIES have TAIN MANAGEMENT SER the following have been pro-VICES. The directors appointed moted to the position of execu-

May 27, 1982, at 2.30 p.m.

Special Business

such a director.

April 22, 1982.

the Company.

Paxies

described in 3. above. By Order of the Board

P.I. Cochrane, Secretary

Mr Eric Meade has been to the board of the new company appointed senior partner of chartered accountants DELOITTE HASKINS AND SELLS. He Mr M. C. Chambers, Mr P. Moore, and Mr M. J. Terry. Mr Denois D. Wright has also been appointed a director of M. C.

Mr Kenneth Hill and Mr * Michael Moffett bave been Mr R. S. Hendeson and Mr appointed directors of of

> Sir Jonathan Clarke has been appointed to the board of RAMS-

Mr Gerald Westbury, a con-G. R. DAWES AND CO has sultant surgeon at Westminster its Department of Clinical Oncology, has been appointed to a newly created Chair of Surgery at the Institute of Caocer Research and the Royal Marsdon

> Mr James P. Foley has been appointed sales and marketing director of WORCESTER CON-TROLS (UK) LTD, a subsidiary

> Mr Aothnoy J. Beooett has been appointed sales director of HALIFAN TOOL COMPANY in the engineering divisioo of the Marshalls Halifax Group. He was previously sales and marketing director of Record Ridgway

formed a new wholly owned ROBERT CUBITT HOLDINGS subsidiary. GARDNER MOUN- announce that from May 1 1982 ROBERT CUBITT HOLDINGS MANAGEMENT SER- the following have been pro-

Notice of Meeting

Notice is hereby given that an Extraordinary General

1. A Special Resolution to change the name of the Bank

to National Commercial Banking Corporation of Australia

2. A Special Resolution to approve a Bill now before the

Company of Sydney Limited in the United Kingdom in the

3. An Ordinary Resolution to approve the establishment

of a scheme for the making of loans by the Company to persons who are both full time employees of the

Company or a related corporation and also a director of

4. An Ordinary Resolution to approve that the directors of

A Member or other person entitled to vote may appoint not

more than two proxies to attend and vote instead of him. Where more than one proxy is appointed, each proxy must

be appointed to represent a specified proportion of the

Member's voting rights. A proxy need not be a Member of

The National Bank

(Incorporated in the Commonwealth of Australia)

of Australasia Limited

the Company or a related corporation or are related to

each corporation which is a related corporation to the

Company, be authorised to establish a scheme as

Parliament of the United Kingdom, which will vest the banking undertaking of The Commercial Banking

Meeting of Members of The National Bank of

Australasia Limited will be held at 36th Floor,

500 Bourke Street, Melbourne, on Thursday,

To consider and, if thought fit, to pass-

merged bank, and for other purposes.

D. C. Norman | Cubitt and Gotts), Mr B. M. Rogers (Cubitt Plant Hire), Mr P. J. Barker (A. F. Koights Builders), Mr G. A. Pearson (A. F. Knights Elec-trical), and Mr R. J. Tarling Mr G. N. Thornton, group

tive director withto the group's subsidiaries. Mr J. Couzens, Mr

comptrolter of ROYAL INSUR-ANCE, retires nn June 30 1982. Mr W. R. Rowland is appointed group comptroller based in London from July 1, 1982, and Mr R. Cunliffe Is appointed deputy group comptroller. Group Head Office, based in Liverpool from July 1, 1982.

ROBSON RHODES, chartered accountants, anonunces that Mr David Reysten Phllip, who has been a senior manager in their Loodoo office, becomes a partner on May 1 1982.

Sir Alastair Coats will he retiring as senior partner from the partnership of VIVIAN GRAY AND CO, stockbrokers, on May 14, but will be remaining with the firm as an associate member. Mr M. M. D. Laidlaw and Mr J. A. D. Skailes have heen appointed joint senior partners with effect from Msy 17.

Mr J. A. Clubb has been appointed executive vice-presi-dent of the BRITISH SCRAP FEDERATION to take effect from June 1.

Mr J. A. B. Kelly has been appointed to the board of BROWN SHIPLEY AND CO with effect from May 1 1982.

STURLA HOLDINGS appointed Mr Robert S. Hardy 10 the board as a noo-executive director. He is president of Northern Telecom Finance Corporation. Mr Tony Rudd is retiring from the board because of ill health.

At the FOREIGN EXCHANGE AND CURRENCY DEPOSIT BROKERS' ASSOCIATION Mr R. H. Bateman of Kirkland-Whittaker Group has been elected hooorary secretary and conorary treasurer, replacing Mr J. L. Little.

Mr Kenneth Durham, chairman-elect of Unilever, bas beeo elected chairman of the council of the TRADE POLICY RESEARCH CENTRE. He succeeds Lord McFadzean of Kelvinside, chairman of Rolls-Royce, who

PESTERDAY

DIVIDEND & INTEREST PAYMENTS—
Bristol Corp. Jupe Perp. Db. 11pc
Cleicorn 4Scts
Continental Illinois Corp. Socts
Elders IXL 7cts
Lang Pros. LTSp
Mountleigh 1p
Tressary 1State 1996 These
Tressary 1State 1996 These
Tressary 12pc 1987 God
COMPANY MEETINGS—
COMPANY MEETINGS—
Company 12-15
Clay (Richard), 6-18. Huntsworth Mews.
HW. 12-00
Hw. 12-10
H

Old aroad Street, EC, 12,00 lewitt 1,1 and 5on 1Fonton1, North Stafford Hotel, Station Road, Stoke-on-Trent, 12,30 dollns, Pjaisterers, Hall, 1, London Wall,

Interimit
Rand Mines Properties
Rand Mines Properties
BIVIOENID & INTEREST PAYMENTS—
Anglo Amarican Ino. Coro. S.5250CPI.
(new) 1.478810 Barro Csrs. Inds. SocPf. 2.50c
Cambridge Electronic Inds. 2.750
Colemeso Mexicana SA 18120c Six Mtf-s.

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mg and Fisher (Nidgs.) 1.670 olworth IF. W.1 3.0380

DMPANY MEETINGS

Sussex, 10.30 ZOARO MEETINGS-

Felcoart, East Gringlead, W.

YESTERDAY

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official

indications are oot always available whether dividends cooceroed are loterims or finals. The sub-divisions shown below are based mainly on last year's timetable.

became chairman of the centre The centre was established in London in 1968 to promote iodependent research and public discussion of international ecocomic policy issues.

Today Mr R. M. Reed, the seoior partner, and Mr K. J. Meek retire from RICHARDS, BUTLER AND CO., solicitors. Mr G. T. Hardee becomes senior partner of the firm and Mr C. G. Howse becomes a partoer co May

The industrial division of AEROQUIP (UK) bas appointed Mrs Norma Knape as marketing director. She was general manager of the Yates Barco

Mr G. A. Hazard has been promoted to the newly created position of managing director of PENTOS. He joined Pentos in January 1980 as chief executive of Pentos Engineering Group. Mr Hazard will have line responsibility for publishing and hookselling, engineering and buildiog services, and home and office

Mr Brian Jooes, deputy editor f The Weatern Daily Press, Bristol, is to be the new editor of The Bristol Evening Post. He will succeed the present Post editor. Mr Eric Price, who is due to rettre next year. Mr Junes was a deputy editor of The Guardian.

Mr Ian Dallism, inland transport manager of the British Steel Corporation, has been elected president of the FREIGHT TRANSPORT ASSOCIATION. He succeeds director of distribution. J. Sainchury Sainsbury.

FS ASSURANCE has appointed Blr C. A. MacLeod as a director. He is chairman of Lyle Shipping Company and holds board appointments with a number of other Scottish

Mr David Wniler has been promoted to the board of KRAUSHAR AND EASSIE.

Mr F. Wellings has become shareholding member of LAING AND CRUICKSHANK, stock-Mr M. Popbam has retired as a shareholding mem-her hut will remain associated with the company as a consultant for a further two years.

Mr I. Paterson, at present an assistant general manager, MID-LAND BANK, has beed appointed general manager | management services) from

Courtailds Spectr. 2.1pc. Oo. Lns. Jupc Co. Beers Ir.4, Corp., 76.58085p. Do. Did., 38.34042p. Crits Co. Ob. Shoc Oistillers Ln., 33pc, Elect Hidgs, Ob. 3 pc. Elect Hidgs, Ob. 3 pc. Elect Hidgs, Ob. 3 pc. Armony Gold 41.867040 Hurst ICharles Motors Ob. 3 pc. Harmony Gold 41.867040 Hurst ICharles Motors Ob. 3 pc. Intol. Bank for Reconstruction and Dev. 13 pc. All 11 pc. Al

Lubricants, Silkolone Til Ratnery Derbyshire 12.00

Beliver Derbyshire 12.00
TI Raielgh Inds., 177. Lenton Boalevard.
Nottingham, 12.45
Tricenirol, Great Eastern Notal. Liverpool
Street, EC. 12.00
BOARO MEETINGS—
Finals:
Northern Goldsmiths
Scottish Initatio Inv.

Wallco
OIVIDEND 4. INTEREST PAYMENTS—
A and G Secarity Electronics (USM) 0.750
Agricalitural Mortgaga 12*spc 8ds(7.5)221 E.5.200
Inglo American Ind. Corp. 82.937840
18A Gp. Db. Spc
IJMC La. 3*spc
IJMC La. 3*spc
IJMC La. 184. 0b. Sispc
ritish Vita 2.70
Tours Engineering Nidea 0.22

The week's schedule in Parliament

Commons: Local Government Airey. KCB, chairman of the and Planning 1Scotland) Bill: Board of Inland Revenue: Sir Remaining Stages.

Lords: Copywright Act Permanent Under-Secretary of (Amendment) Bill, Third Read- State. Department of Energy. ing. Oil and Gas (Enterprise) Bill, Committee. Administration of Justice Bill, Report.

meot. Subject: Inquiry into the taxation and income support. methods of financing local government in the context of (CMIND 8449). Witnesses: Department of the Environment officials and Inland Revenue officials. (Room 16, 4.00 pm).

Parliamentary Commissioner for Administration. Subject: Reports of the Parliamentary Commissioner for Administration. Witness: Sir Cecil Clothier. KCB, QC. ParlmaiterynanarrwT KCB, QC. Parliamentary Commissioner for Administration. (Room 5, 5.00 pm).

Foreign Affairs: Overseas Development Sub-Committee. Subject: Overseas Development Administration Supply Esti-mates 1982-83, Class 11, Votes 9.10.11. Witnesses: Council for World Development Education. (Room 18, 5.30 pm).

TOMORROW Commons: Finance Bill. Committee stage. Motion relating to the Supplementary Benefits (Claims and Payments) Amendment Regulations.

Lords: Debate on problems of inland transport with particular reference to the economic and social consequences of traffic congestion on the roads and in hig cities, and the need for halanced, efficient and economical viable rail and road transport. Supply of Goods and Services Bill, Second Reading.

Select Committees: Home Affairs, Subject: Police complaints procedure. Witnesses: Scottish Council for Civil Liherties: Scottish Police Federation. (Room 8, 10.30 am).

Welsh Affairs. Subject: Scrutiny of Welsh Office depart-ments, Witnesses: Welsh Office industry group. 1 Room 18, 10.30

Public Accounts. Subject: Royalties and tax levied on the oil industry; North Sea opera-

tors. Witnesses: Sir Lawrence Donald Maitland GCMG, OBE.

mittee of Accountancy Bodies: 4.15 pm).

Employment. Subject: Youth unemployment and training. Witness: Mr David Young, chairman, Manpower Services Commission. (Room 8, 4.30

Committee on Private Bills. Coopposed Bills: 1. East Lindsey District Council Bill (Lords), 2. John Francis Dare and Gillian Loder Dare (Marriage Eoabling) Bill (Lords). 3. Hugh Small and Norma Small (Marriage Enabling) BiH (Lords). Room

THURSDAY

for the adjournment. Lords: Epsom and Walton Downs Regulations Bill. Second Reading. Administration of Reading. Administration of Justice Bill, Report. Debate on

FRIDAY

Newcomen's beam-engines

The Beam-Engine, by T. E. Cowley; Senecio Publishing Company; £9.75.

(Room 16. 4.00 pm). Treasury and Civil Service sob-Committee, Subject: The Select Committees: Environ- structure of personal income Witnesses: Consultative Comthe Government's Green Paper Professor Townsend, (Room 15,

9, (4.00 pm).

Communs: Supply Dehate: Economic and Employment Prospects in Wales, on a motion

the 7th Report of the EEC State Aids to Agriculture.

Commons: Private members'

STEAM BEAM-ENGINES, invented by Cornishman Thomas Newcomeo and critical to the Industrial Revolution, are being preserved after the decades in which they were sold for scrap or allowed to rust. Not one has been destroyed in the past two vears says an eogineering his-torian in a book published yesterday.

uncertain future

INSURANCE

BY RICHARD LAMBERT IN NEW YORK ...

Philadelphia last week. But International Group. Insurance Congress.

fourth century, many U.S. delegates were more pre-occupied with the uncertain prospects of the next few months. It is clear that 1982 will be portfolio values.

a grim year for most U.S. property/casualty companies. The first major groups to report on the opening three months, Chubb and Continental, showed losses. Chubb's operating ratio deteriorated by five points. Insurers have had to cope

with heavy weather losses. Catastrophe losses in the first quarter rose by 290 ner cent to a record \$404m. The fourth and third quarters of 1981 were the worst underwriting periods in the industry's history.

Analysts at A.M. Best helieve combined operating losses in 1982 are likely to be more than two and a half points higher than 1981's figure of 106 per

Some of the most scathing comments at Philadelphia were reserved for companies that have been willing to accept an underwriting loss in the hope that this would be offset by high investment income on the

This practice could lead to disaster, according to Richard Haayen, president of the Allstate, who reckened the stock property/casualty companies premium to surplus ratin would deteriorate from 1.5:1 to 4.7:1 if their hands were valued at market rather than amortised

Their ability to withstand big shocks was therefore less Impressive than might appear. This subject is ment and drink to Maurice Greenberg, chief profit.

THEY put on a brave show in executive of the Americao furrowed brows were almost as believes the so-called "total common as black ties amid the returns theory "-whereby inwining and dining at the World surers are prepared to balance underwriting losses with appar-Although the official excuse ent gains on investment income for the jamboree was to cele- "is nothing more than a highbrate the start of the city's flown name for the 'instant fix' syndrome." As well as boosting investment income, high interest rates can have a devastating impact on bood

If the industry were to live off investment income, why should shareholders not invest in a busioess that nermits ao equivalent return while avoida steep increase in underwriting ing the risks of underwriting? Mr Greenberg has a point. According to A. M. Best, the U.S. industry suffered realised and unrealised capital losses of \$3bn last year. Add that to the underwriting loss of \$6.4bn and you are not far short of the record \$13.2bn nf net in-

vestment income last year. The property/casualty sector's overall surplus rose 3.7 per cent in 1981, the smallest increase in

Mr Greenherg suggests conditioos are so bad the industry may be on the verge of a turn. He thinks the first quarter results may provide a salutary jolt to some insurers, and suggests that companies may be close to the point where their cash nutgoings exceed their cash inflow, in which case high interest rates are of little help. Add the chance of lower

interest rates later in the year and you get, argues Mr Greenherg, a possible upturn in premium rates starting perhaps in the third quarter of this

That would not have any impact on the bottom line until well into 1983. Before that, if Mr Greenberg is right, there will be some blood on the wall. But at least the eod may be in sight. And American Inter-national Group, at any rate, is still making an underwriting

This adventisement complies with the requirements of The Stock Exchange.

May 4, 1982

🖫 Bancomer, S.A.

(A private banking institution incorporated in the United Mexican States with limited hability)

U.S.\$60,000,000 Subordinated Floating Rate Notes due 1986-1990

Issue Price 100%

The following have agreed to subscribe or procure subscribers for the Notes: -

Orion Royal Bank Limited Banco Popular Español S.A.

Bank of America International Limited Bank of Tokyo International Limited **Bankers Trust International Limited** Chemical Bank International Limited Citicorp International Bank Limited Daiwa Europe Limited Libra Bank Limited

Manufacturers Hanover Limited **Texas Commerce International Limited** Wells Fargo Limited

The Notes constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of a Temporary Global Note. Interest on the Notes will be payable senti-annually in arrears in May and November of each year, the first payment being made in November 1982.

Particulars of the Issue and the Notes will be available in the Extel Statistical Service and may be obtained during usual business hours up to and including May 18, 1982, from:-

> Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

U.S.\$720,000,000 Guaranteed Floating Rate Notes due 1984 Citicorp Overseas Finance

Corporation N.V. (Incorporated with limited liability in the Netherlands Antilles)

Unconditionally Guaranteed by

CITICORP 4

In accordance with the terms and conditions of the above-mentioned Notes and the Agent Bank Agreement dated as of November 28, 1979, between Citicorp Overseas Finance Corpora-tion N.V. and Citibank, N.A., notice is hereby given that the Rate of Interest for the third nne-munth sub-period has been fixed at 141 per annum and that the interest payable for the third one-month sub-period in respect of U.S.\$10,000 nominal of the Notes will he U.S.\$115.69. The total amount due for Coupon No. 10 payable May 28, 1982, is U.S.\$382.3t.

CITIBAN(By: Citibank, N.A., London, Agent Bank

M. J. H. Nightingale & Co. Limited

1/18 TO	/28 Lovat Lane London EC3R-8EB			Telephone 01-621 1212					
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S.391		231	'-'	14.S	6.3	B.0	12.1		

FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 14/5/82

13} 131 131 131 131 137 137 Deposits to and further information from The Treasurer, Finance for Industry plc. 91 Waterloo Rd., London SE1 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a'c FFI" FFI is the holding company for ICFC and FCL

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Royal Angus Hotel, Bir-

Centre. Cinema 1.

Barbican Centre. Cinema 1. in. EC. 11.00 Nugh: Royal Coanty Nall. v City. 12.00 Groad, Menor Notel, Yeovil.

Briston Estata
Fibar Industrial
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Henderson IP. C.1
Milletts Leisure Shops
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Nineteen Twonty-Eight Inv. Tst.
Peninsolar & Oriental Stoam Navigation
Sainsbary (J.)
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TR North America Inv. Tst.
Interims:

MINICENO & INTEREST PAYMENTS—
American Medical Intril, 13cts
Arrgia Telavision 3.5p
Berwick Timoo Si-gcf4, 1.92Spc
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smiths To
THURSDAY MAY 6
COMPANY MEETINGS—
Artish Petroleam. The Barbican Centre.
Silv Street RC 11:30
Coral: Barbers Way, Leicester. 12:00
DRG. 1, Redcliffe Street. Bristol. 12:00
Jacobs (John 11. Winchester House. 100.
Illa Broad Street. EC. 12:00
KCA Drilling. Consught Rooms. 81:485.
Great Queen Street. WC 12:00
Lex Service. 17. Great Cumberland Place.
W 12:00
Montfort (Koleling Mails)

12.00 Hifort (Koltting Mills), Tudor Road icester, 11.00 Swift Inds. Did Swan Notel, Narrogate. Ass.. Oxford Street. Manchester. 12.00
Rocedimond Inv. Tst. 41. Rishopsgate, EC. 12.00
Rhurgar Bardez, Taiford Way, Kettering, Northants, 11.30
Furner 2nd Newall, National Compating Centre, Distord Road, Manchester, 12.00
BOARO MEETINGS—

Findis
Coranakande Rubber Estates
Garnar Booth
Gerrard and National
Hav (Normani
Melical Bar
Marshall's Universal
Platignum
Pritchard Services
Summer (Francis)
USC

This advertisement appears as a matter of record only

LCB EUROFINANCE B.V. US\$ 25,000,000 **GUARANTEED FLOATING RATE NOTES 1992** guaranteed, on a subordinated basis, by LONDON & CONTINENTAL BANKERS LIMITED

The above Floating Rate Notes have been fully subscribed by the shareholders of

LONDON & CONTINENTAL BANKERS LIMITED

U.S.\$35,000,000.00 BEOGRADSKA BANKA FLOATING RATE NOTES DUE 1983

In accordance with Condition II of the notes, ootice is bereby giveo that for the six month perind April 29th 1982 to October 29th 1982, the notes will carry ao interest rate of 16.00%. Relevant interest payments will be as follows: Notes of US\$1,000 — US\$81.33 per Coupon Notes of US\$10.000 — US\$813.33 per Coupon

Notes of US\$100.000 - US\$8,133.33 per Coupon THE FIRST NATIONAL BANK OF CHICAGO Agent Bank



Swiss Bank Corporation (Overseas) S.A., **Panama**

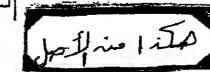
Notice to holders of the 61/4 % US\$ Convertible Bonds 1980 - 90

We refer to the capital increase of Swiss Bank Corporation and the corresponding notice to our bondholders of March 3, 1982.

According to article 5 (D) of the Terms and Conditions of the Bonds the conversion price of US\$191 per bearer participation certificate of Swiss Bank Corporation in the nominal amount of Swiss francs 100 each will be reduced to US\$ 186. Upon conversion the difference of US\$ 70 or US\$ 700 respectively between the principal amount of such Bond and the reduced conversion price multiplied by 5 or 50 respectively will be paid to the converting bandholder pursuant to article 5 (E) of the Terms and Conditions of the Bonds.

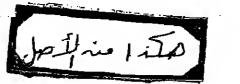
The adjusted conversion price will be effective as of May 3, 1982. Panama, May 3, 1982

SWISS BANK CORPORATION (OVERSEAS) S.A.



Meller

INTERNATIONAL CAPITAL MARKETS



CREDITS

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Flurry of new business

A FLURRY of new business burg and N. M. Rothschild, while in Eastern Europe there market last week, but with Latin were signs of finance beginning in the wake of yet another flood America in a state of virtual financial quarantine as a result of the Falklands crisis, most of it was concentrated on the safer

risks of Europe and Australia. Austria is returning to the Austria is returning to the with a margin of 11 per cent proved a pleasant surprise; and market for the second time since over Libor. The amount is the unreasonably high dollar last autumn. Once again it is rather lower than the DM 200m interest rates looked likely to raising \$400m at a flat margin first mooted but the deal is be heading downward. of per cent, but this time the still intended to encourage But this is an essentially unmaturity has been reduced to other lenders back into this disciplined market and when a eight years from ten and the fees are said to be slightly

This slight upward shift in conditions reflects the state of the market more than anything else but the terms also demonstrate that Austria, which still has rarity value in the market, is one of the few borrowers in Europe that can obtain a flat ? margin on a medium-term loan without any accompanying sweeteners.

Creditanstalt-Bankverein and the three other leading Austrian banks are now in the process of forming a lead management group to bandle the borrowing.

A fine margin of 1 per cent has also been achieved on a 10-year \$100m credit for Danish has also been achieved on a marian ministericz, but balled 10-year \$100m credit for Danish are taking a non-commital Oil and Gas, led by Hambros stance in the absence of Bank, but this is not to say separate action by Western that spreads at these levels in governments to reschedule Europe leave all participating official debt falling due this Europe leave all participating banks happy.

Greece's latest loan has met with a resounding success and is being increased for a second time to \$550m from \$540m. Banks will doubtless be using Greece as an example of why borrowers should opt for generosity in awarding a man-date. After much discussion it chose to ignore offers embody-ing a d element and settle for a i per cent throughout.

deal, by cootrast, involves a margin of only 1 per cent, but It is a short-term, three-year bridging finance for Aussat to finance the Australian national satellite system.

Through Manufacturers Hanover, Aussat is raising a maximum of \$385m, though the total could be reduced to as little as \$193m If the borrower obtains authorisation to raise some of the funds in domestic currency.

Elsewhere, Italy is back in the sterling acceptance credit market with a £200m, five-year acceptance facility bearing a comission of 12 for its electric utility. ENEL, led by S. G. War-

to flow again for Yugoslavia. German banks reportedly The week started with bright agreed last week to raise a promise. The latest U.S. infla-DM 150m, seven-year loan for tion statistics were favourable; the National Bank of Yugoslavia the M1 money supply figures market.

come under pressure from their government not to condemn Yogoslavia to the same fate as resume medium-term lending.

At the moment little progress appears to be being made on the flood they had caused.

To compound matters, President rescheduling despite a visit to London last week of Mr Jan Woloszyn, Vice-President of Bank Handlowy, Poland's foreign trade bank.

Lobbying of the City will continue this week with a visit from the Bank's President, Mr Marian Minkiewicz, but banks

As nervousness over Latin America continued unabated in the wake of the Falkland crisis there were some signs that foreign banks were starting to abare out interest received from Argentina with British banks

who have not been paid. But Venezuela was drawn into the problem when a loan for Banco Industrial de Venezuela was cut to \$170m from \$200m Last week's new Australian after British banks declined to sign at the last minute and at least two other loans for Venezuelan borowers were put on ice.

> Portugal's Airline TAP is rais ing \$135m through National Westminster and Banco Totta y Acores to finance the purchase of seven Boeing planes.

> An initial 12 month bridging facility with a margin of \$\frac{1}{4}\$ per cent will be converted later into a long-term debt funding behind a lease arrangement. This will bear a margin of 1 for the first six years rising to 1 per cent

Peter Montagnon

INTERNATIONAL BONDS

Indigestion again after yet another flood of paper

Eurodollar Bond

New Issue Volume

Straights

market turned sour last week were signs of finance beginning | in the wake of yet another flood of new paper.

window" opens the borrowers It is not clear at this stage waste little time. A total of whether U.S. banks, who have \$1.3bn of new fixed-interest issues were lannched last week, including the \$500m World Bank jumbo. Before long seconother East European countries, dary market traders started will respond to this signal and complaining about "indigescomplaining about "indiges-tion" and the new issue managers started voicing regret at the flood they had caused.

Eurobond market with a case Poland's of nerves. If that were not enough, the shadow of the City will Falklands crisis last week appeared to be looming larger than ever.

By Friday morning a rush was on to unload bond inven-tories ahead of the long weekend in London, More than \$750m of new bonds are said CSFB Euromarket executives are then dumped while the to remain unsold and some of and ended with co-managers on warrants flourish as speculative the new issues are not at all the Du Pont deal grumbling tools. well priced.

There were several aggres-

APRIL 1982 13; per cent \$200m adjustable answer is that Du Pont is the coupon issue through Credit sort of client few bouses wish Suisse First Boston. Du Pont to turn away. Under normal is undoubtedly a great name in circumstances it is a great the Euromarket, but as CSFB's seller, particularly among Swiss co-managers noted, even a great investors, name cannot get away with a Another

orating market. Little more than a quarter of the issue was So last week was not a good one for CSFB. The week began

about a "mispriced issue."

13; per cent coupon in a detericome off as intended was the \$75m L C. Industries bond-andthan a quarter of the issue was warrant experiment launched sold by Friday and the premarket bid price was 97? against par.

The idea was to separate the bonds and warrants into two deals, thus avoiding the practice whereby issues are bought with with the exodus of several warrants and the straight bonds

The first tranche was a 14 Why did the co-managers per cent seven-year discount market. sively priced deals about, but sign on to the Du Pont deal bond priced at 92} to yield 15.83 none was as tight as Du Pont's if they didn't like it? The per cent. The second portion

consisted of 225,000 warrants to purchase either zero coupon bonds or equity. For a period of 21 years warrant holders can buy a zero coupon bond priced at 20.2 and maturing in 1994. For a period of four years the same warrants allow for the purchase of I.C. Industries shares at \$50 each (the current share price is \$291).

the managers didn't deign to the London markets over the success of new credits.
sell the bonds and warrants last couple of months and now There bave been suggestions separately. As a result a control more money than either that Japanese banks have bene-number of them sold the bonds the London branches of the fited from the moves of the and warrants as a package and U.S. banks or the London oil exporting countries to diverthen the bonds were dumned hack on to the market. This caused the ex-warrant price of the bonds to fall to around 90, providing a yield of 164 per dramatic over the last two years. In March 1980 they were international growth of the half the size of the U.S. banks Japanese banks generally. There

last week prices rose by around I point in both the Euro D-Mark and Swiss franc sectors. Ice-land came to the D-Mark sector over the weekend with a DM 75m 10-year issue at 9} per cent through WestLB.

Today will see a DM 100m issue for Banrural, Mexico's agricultural bank, through DG Bank. Given Mexico's current Another deal which did not status in the market, the bonds 104 and 11 per cent.

> In the samurai bond market —the Japanese sector for foreign borrowers—the EEC is making its debut with a Y20bn issue through Daiwa Securities. Expected this summer is a Y5bn private placing for Fujian Investment Corporation, the first such deal for a Chinese province and the second Chinese borrower in this

> > Alan Friedman As a group they bave become

JAPANESE BANKS

Rapid growth in London

WITH A minimum of publicity, much more active in the syndithe 25 or so Japanese banks in cated credit markets over the Full marks for a creative London have quietly emerged last two years and are now a warrant portion. Unfortunately, as the single biggest force in key factor in determining the

clearing banks. sify their deposits, which might
The balance sheet growth of partly explain their growth.

Since then they have nearly they have been relatively slow to move into interpretable the size of their balance national banking. In addition, sheets to £85.6bn during a they appear to be under prespected when the overall UK sure to expand international market has grown by two thirds to £464.2bn. They now account for close to a third of the assets squeezed. controlled by London's foreign

banking community
The scale of the recent growth of the Japanese banks in Loodon has been spectacular. There are more than three times as many U.S. banks in the City as Japanese banks, and as a group the Japanese banks only employ 1,300 people — roughly as many as are employed in the London operations of just one major U.S. money centre bank.

Bankers find it hard to pinoffer little guidance.

in Loodon and accounted for are almost as many Japanese just over a fifth of the total banks, as U.S. banks, in the assets of London's 355-strong world's top 500 banks, and until foreign banking community. world's top 500 banks, and until

over the last couple of years the Japaoese authorities have loosened the tight controls on the expansion of Japanese banks overseas.

There bave been sharp surges and then retreats in the international markets by the Japanese banks before. For a time they would chase business and force down margins and then almost as quickly with draw from the market. However, there are signs that

point the reasons for this rapid this time their presence is growth and Japanese bankers more permanent.

William Hal!

CURRENT INTERNATIONAL BOND ISSUES

Barrawers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager O	ffer yield	Borrowers	m. Amount	Maturity		Coupon	Price	Lead manager	Offer yield
U.S. DOLLARS Bancomer†‡ Swed. Export Credit‡	60 100	1990 1990	. <u>4</u> 8	5 1 -5 14 1	100 991	Orion Royal Bank Goldman Sachs, CSFB, Morgan Stanley	5.500 0	D-MARKS Konishiroku Photo§‡ Philip Morris Werld Bank‡	50 100 200	1983 1990 1992	6 1 8 10	8 <u>†</u>	100	WestLB Dresdner Bank Deutsche Bank	6.750 8.500
Banque Indosuez‡ I.C. Indostries‡ Beneficial Fin.¶ World Bank‡ American Medical§ Du Pont‡ B.H.P.‡ Shell Canad ‡ Indonesia†‡ Kansaliis-Osake-Pankki†‡	100 75 50 500 25 200 150 125 200 50	1987 1929 1927 1927 1997 1997 1989 1992 1992	7 5 5 15 15 7 10 10	15 14 14 14 13 13 14 14 15 14 5	991 100 100 100 991 100	CSFB, Banque Indosue Merrill Lynch, Paribas Margan Stanley Deutsche Bank SBCI CSFB Deutsche Bank Morgan Stanley SBCI Nardis Bank, CSFB.	15.000 15.349 14.430 13.750 14.750 14.473 5.250ф	SWISS FRANCS Council of Europe‡ Ifowa Co.**‡ Honshu Paper**‡ EIB‡ Air Canada‡ Taiyo Yuden§** Asian Devt. Bank C.E.P.M.E.**‡	60 10 50 100 100 60 100 50	1992 1987 1987 1992 1992 1987 1992		7½ 7 7 7 7 6½ 2	100 100 100 100 100 100 100 100	Banca del Gottardo Banco del Gottardo CS CS SBC CS UBS C.C.F. (5wltz.)	7.250 7.090 7.000 6.965 6.320
Ireland‡†	75	1989	7	5 <u>1</u> ф	120	Kansollis Ineni, Manufetrs, Hanover	5,500少 5,250少	KUWAITI DINARS	7	1989	s	12‡	•	KIC	•
CANADIAN DOLLARS Hudson's Bay Co.‡ Hydro Quebect C.I.B.C.	40 50 50	1989 1929 1927	7 7 5	17 16] 16 <u>]</u>	160 160	Morgan Stanley Merrill Lynch Hambros, C.I.B.C.	17,000 16,500	YEN IRI**! EEC	10bn 20bn	1994 1992	12	81	991	Ind. Bank of Japan Daiwa Secs.	8,568

\$150,000,000

Société Nationale des Chemins de Fer Français

Floating Rate Notes due 1988 and Warrants to purchase \$150,000,000 141/4% Bonds due 1990

The Notes and Bonds are unconditionally guaranteed by

The Republic of France

MORGAN GUARANTY LTD

90

SOCIÉTÉ GÉNÉRALE

BANQUE BRUXELLES LAMBERT S.A. CAISSE DES DÉPÔTS ET CONSIGNATIONS DAIWA EUROPE LIMITED MANUFACTURERS HANOVER LIMITED SAMUEL MONTAGU & Co. LIMITED

' BANQUE DE L'INDOCHINE ET DE SUEZ CREDIT SUISSE FIRST BOSTON LIMITED GOLDMAN SACHS INTERNATIONAL CORP. MERRILL LYNCH INTERNATIONAL & CO. MORGAN STANLEY INTERNATIONAL SWISS BANK CORPORATION INTERNATIONAL LIMITED

J. HENRY SCHRODER WAGG & CO. LIMITED WESTDEUTSCHE LANDESBANK GIROZENTRALE

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April 29, 1982

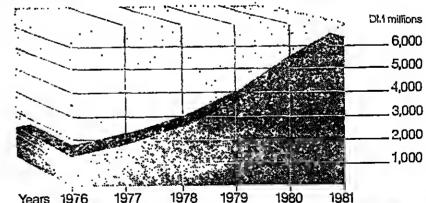
1981 HIGHLIGHTS

During 1981, the Bank's tenth year of operations, the growth pattern established in previous years continued. Business volume increased by 27% to DM 6.5 billion. Total assets rose by 30% to DM 5.3 billion.

This expansion was led by a 45% increase in customer advances and bills discounted. Deposits from customers increased by DM 704 million or 54%. In line with this growth, shareholders' funds were increased in mid-year by DM 94.5 million bringing the total capital and published reserves to DM

The branch network was further extended in 1981 with two new subbranches in Hongkong. The Hamburg-based Bank now has a total of 20 outlets, strategically located throughout Asia.

Business volume



Dividend	(10%)* 12.6	(10%) 9.6
Taxes	35.5	24.6
Net interest and commission income	150.0	100.4
Capital and reserves	300	205
Total deposits	4,794	3,767
Total assets	5,257	4,059
Business volume	6,504	5.141
OM	millions 1981	1980



European Asian Bank

The European bank for business in Asia

Activity slows

to a trickle

economy stagnating, everyone around for a sustained rally to ont of the market as they are morning. of being fully invested. Accordingly trading activity has slowed down to a trickle in the past few days in the face of a barrage of news-mostly bad.

The breakdown of the budget talks has only had a modest impact on prices, but it does appear to leave the Federal Reserve Board with even less room for manoeuvre with the monetary aggregates than it bad

U.S. INTEREST RATES (%)

Source: Salaman Bros.

already. Last Friday's money supply figures, which showed a \$1.9bn rise in M1 during the week ending April 21, were broadly in line with market ex-pectations, and left this measure of the basic mnney supply well above the Fed's target.
Analysis suggested there were

signs that the authorities bad been moderately tightening the pressure on bank reserves in the past couple of weeks. Further upward pressure on

mnney market rates is coming from the continued heavy demand for short-term borrowings from the company sector. Commercial and industrial lnans on the books of the major banks rose \$1.54bn in the week tn April 21, bringing the total to just over \$200bn. So there appear to be some

sizeable obstacles to any sharp fall in short-term money rates

WITH REAL interest rates at during the coming weeks. The extraordinary levels and the picture has been clouded in the last few days, with the Federal would like to be bullish of U.S. funds rate moving erratically bonds at present. But there is from an average of under 15 just too much uncertainty per cent in the week to last Wednesday, up to around 16 per get nnder way. Fund managers cent up by the weekend before are just as frightened of being easing down again yeoterday

> current mood resigned uncertainty might tempt those who like to take a contrary opinion to adopt a bolder stance. If so, the U.S. Treasury will be happy to accomodate them. The schedule of new debt issues coming up nn Wali Street would be enough even to make the UK Government broker lick his lips. Indeed, the flood of Treasury issues may be another reason for the low level of activity in the market lately, as investors have been preparing their posi-tions ahead of the quarterly

refunding operations. Details of this were announced last week, and turned out to be on the high side of recent market expectations, amounting in total tn \$9.25bn. Today, the Treasury will auction \$5.25bn of new three-year notes in minimum amounts of \$5,000. Tomorrow it will follow suit with an uffering of \$40n of new 10-year notes in minimum smnunts of \$1,000. This is far and away the biggest ever Treasury auction of such a maturity. The two issues were being nifered by securities dealers on a "when issued" basis at yields of just under

14 per cent. In addition to all this, the Treasury yesterday held its weekly bill auction, amounting tn \$9.4bn in three- and sixmonth nutes. Given this demand on the part of Uncle Sam, it is no surprise that new debt issues from the company sector have all but disappeared for the moment

Richard Lambert

Record loss at Italsider

Amro International Limited

May 4, 1982

Algemene Bank Nederland N.V.

Deutsche Bank Aktiengesellschaft

Morgan Guaranty Ltd

Italian steel concern controlled early munths of this year. by Finsider of the IRI conglomerate, last year reported but these were dwarfed by the a record net loss of L1,698bn (\$1.3bn), more than double the deficit of 1980.

terday declared that there were over.

ITALSIDER, the state-owned some signs of a recovery in the L1,447bn of financial charges stemming from Italsider's huge outstanding debt, a sum equal However, the company yes- to almost 36 per cent of turn-

This announcement appears as a matter of record only

The Hague, The Netherlands

U.S. \$ 60,000,000

151/2% Notes 1982 due May 1, 1987

Kredietbank S. A. Luxembourgeoise

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation International Limited

Morgan Stanley International

SOUTH AMERICAN LOSSES MOUNT

VW suffers steep slide in profit

BY KEVIN DONE IN FRANKFURT

VOLKSWAGEN, West Gerunder heavy pressure.

1980 for 1981 VW has been sales to 313,266 vehicles. forced to cut its dividend to DM 5 per share, compared with the DM 10 paid in 1979.

Volkswagen vehicle produc-tion worldwide dropped by 12.8 per cent last year to 2,245,611 units, while worldwide sales to dealer organisations fell by 8.6 per cent to 2,279,040. Group turnover showed a rise of 13.8 per cent to DM 37.9bn with foreign sales accounting for a

share of 68.2 per cent.
The group's profitability has been hit chiefly by the collapse of the automobile markets in Brazil and Argentina last year and the mounting losses of VW's office equipment subsidiary, Triumph-Adler, which ran up a deficit of DM 197m last year compared with a loss of DM 79.1m in 1980.

In Brazil, where Volkswagen many's leading motor group, controls 45.9 per cent of the car suffered a drop of 58 per cent market and 35.5 per cent of the in after-tax profits last year to commercial vehicle market, the DM 136m (\$58.3m), the second group's main manufacturing successive year in which the group's earnings have been under heavy pressure.

group's main manufacturing subsidiary, VW do Brasil, suffered a drop of 42.6 per cent in production to 295,303 units Profits were also halved in and a fall of 35.8 per cent in

Volkswagen do Brasil's loss last year jumped to DM 327m from a deficit of DM 56m in 1980. The group's Brazilian truck subsidiary, Volkswagen Caminhoes—formerly Chrysler Motors do Brazil - ran up a the VW parent company deficit of DM 130m against DM 68m in 1980. In Argentina, where VW also

group suffered losses of DM 82m. In the U.S., where VW's local vehicle production slumped by 9.3 per cent in 1981 to 204,990 units. VW of America managed a nominal profit of DM 1.2m.

Despite the troubles afflicting 53,000 units. some of its major subsidiaries. VW's domestic West German Audi new car deliveries fell by year's level of DM 4.85bn.

VW's TRACK RECORD

DM DM 21.5bp 24.1bn 419m 26.7bm 30.7bn 13.3bn 37.9bn

operations have shown a surprising resilience in the face of recession in both the domestic and important export markets. In the first quarter of 1982 managed in increase after-tax profits by 32 per cent to DM 54m from DM 41m in the bought Chrysler's loss-making corresponding period of 1981.
subsidiary Chrysler Fevre In the same period group turnArgentina in 1980, the German over rose by 17 per cent to just over rose by 17 per cent to just under DM 10bn.

Vebicle deliveries to customers in the first three months of 1982 fell by 5 per cent to 554,000 units, chiefly as a result of a drop of 37 per cent in car sales in the U.S. to unly In the domestic market VW/

5 per cent to 185,000 compared with an overal fall of 8 per cent in West German new car registrations. VW has suffered a particularly sharp drop in domestic commercial vehicle sales of nearly 30 per cent and further short-time working will be unavoidable later this year.

Vnlkswagen is still achieving strong growth in export sales to major European volume car markets, inwever, particularly France, Italy and the UK European car exports jumped by 16 per cent last year to more than 600,000 and sales rose by a further 9 per cent in the first quarter to 161,500. Dr Carl Hahn, who took over

as VW chief executive from Herr Toni Schmücker at the beginning of the year, said that fur the whole of 1982 the group expected in repeat last year's sales level of 2.33m units.

Vnlkswagen, which is in the midst of an ambitious three-year DM 13bn capital investment programme, is aiming to increase capital spending this year to mure than DM 5bn from last

Triumph Adler falls deeper into the red

VOLKSWAGEN'S Ul-fated diversification into electronics. with the DM667m take-over of Triumph-Adler, the office equipment group in 1979/80 and the \$117m acquisition of Pertec in the U.S. in 1979, is costing it dearly.

Despite an 18.5 per cent increase in sales last year to DM1.95bn (\$836m), Triumph-Adler suffered a 150 per cent increase in lesses to DM197m. compared with the deficit of DM79.1m in 1980. VW's financial burden from

T-A has been compounded by the need to write off loans to the company totalling DM250m. In addition it has agreed to waive interest payments for two years on further loans of DM203m. VW has also inpped DM400m nff the hook value of T-A in the VW group accounts.

In its annual report VW admits that "a considerable effort will need to be made nver the next few years tn restore the Triumph-Adler group to health." VW diversified into the electronics in. dustry in the search for new profitable activities to offset the cyclical fortunes of the

motor industry. By the end of last year 17.4 per cent of Triumph-Adler's workforce had been made redundant cutting the number of employees to 14,143 from

17,115 a year earlier. The domestic workforce was cut by 1,232 as T.A belatedly pushed through the switch to electronic products and gave up the assembly of

mechanical components. The workforce abroad was cut by 1,740 as a result of closures and the sale of whole company sections, chiefly on the part of Pertec and in the Netherlands.
Around 82.8 per cent of

T-A's turnover was derived from foreign markets last year. Some 35.7 per cent of sales came from business machines, 14.1 per cent from computer systems, and 149 per cent from word processors/copiers.

Low & Bonar senior post in North America

• Mr E. G. Campbell bas been appointed regional director, North America, of LOW AND BONAR, which operates internationally in packaging, enginee-ring, textiles and travel. Mr Campbell takes responsibility for all group operations in Canada and the U.S., as well as for new business development in the region. He was previously president of Bonar Packaging, Canada. August. • Mr Donald R. MacPherson has

been named president of the COOPER GROUP, succeeding Mr C. W. Gilchrist who has retired. The Cooper Group, a division of Cooper Industries Inc, is a worldwide manufacturer of hand tools under the Boker, Crescent, Lufkin, Nicholson, Plumb, senior management appointments which will take place in the coming months. Mr T. Walsh, at

Purves, general manager inter-national, will assume overall responsibility for international and Hong Kong operations in August.

Mr I. H. Macdonald, executive
director based in New York,
will be retiring in early 1983 and will be retiring in early 1833 and will be succeeded by Mr A. R. Petrie. Mr Purves, Mr Weish and Mr Petrie will be joining the board of The Hongkong and Shanghal Banking Corporation as executive directors 00 assuming their new appointments.

Mr P. J. Wrangham, at present deputy general manager, will succeed Mr T. Welsb as general manager Hong Kong in early

Fletcher and Mr R. W. Campbell are being appointed general managers internstional later in the year. At present, Mr Bacon is chief executive officer, Singspore, Mr Fletcher has until recently been managing director Weller, Wiss and Xcelite brands,
The group has a UR plant at
Washington, Tyne and Wear.

THE HONGKONG AND
SHANGHAI BANKING CORPO
BATTON has made board and
BATTON has made board and moving to Singapore in Novemher as chief excutive officer. Mr of The Saudi British Bank, and coming months. Mr T. Walsh, at Campbell as chief excutive officer present general manager Hong India, and Mr J. Paton has Kong, will be moving to London succeeded Mr Fletcher in Saudi to succeed Mr P. E. Hitson, Arabia Mr M. J. Calvert, current executive director, who will be chief executive officer Malaysia,

INTERNATIONAL APPOINTMENTS

retiring on October 31. Mr. W. is being succeeded by Mr D. G. Jaques, and will be appointed chairman's representative in group head office and assigned special duties in interestional operations.

 Mr George M. Smith has been promoted to director of general engineering for PROCON INTERNATIONAL'S Houston operations office. The company is a subsidiary of UOP Inc., one of The Signal Companies.

Bir Robert K. Wilmooth has become president and chief executive officer of the National Futures Association (NFA). Mr Wilmouth, currently president of the Chicago Board of Trade, will relinquish his responsibilities at the Chicagn exchange as

soon as the reauthorisation of the Commodity Futures Trading Commission is completed and the NFA is formally established.

Mr Emmett Johnson has been appointed vice president of operations, and Mr Jerald H. Mortenson has been appointed vice president of finance and administration at FABRI-TEK. Mr Christopher Dupont Roosevelt bas been elected to the

board of directors of PHOTO-GRAPHIC SCIENCES COR-PORATION, Rochester, New York and to the board of its international company, headquartered in London. Mr Roose-

U.S. DOLLAR

Oceanic Society, an environmental organisation. He is a director of the Eleanor Roosevelt Institute and a trustee of the New York Botanical Gardens.

Mr Keith Fryer, formerly marketing manager of Glass Reinforced Concrete (GRC), bas been appointed general manager of a new company—GRC (SAUDI ARABIA) in Riyadh. The company is a joint venture between the Pilkington Company UK (MABCO) Prefabricated Building Company, a pre-cast concrets and construction enterprise in Saudi Arabia, and Fahd Altobaishl and Company, a Saudi Arabian commercial

Mr R. J. Carter, formerly general manager aluminlum division, BROKEN HILL PRO-PRIETARY CO., has become general manager, resource minerals division. He continues resource general tn be responsible for BHP's aluminium interests.

• GLOBE INTERNATIONAL has been formed in Bermuda as a subsidiary of Globe Investment Trust with Mr John P. Clay chairman and Mr Francis Flolay president and chief executive. tor of VNL.

Mr Finlay was vice-president. Mr Joseph Trimble bas been

Morgan Guaranty Trust Company. promoted to senior vice presi-

International has dent, la Globe Finlay Incor- TION. Globe formed chief executive, to specialise in international management for U.S. accounts. Mr Ralph di Finre, director Retirement Funds Management, McDonnell Douglas Corporation, St. Loois, Missouri, has been appointed senior vice-president of Globe Finlay Incorporated.

Mr Richard Nnha has been appointed director of marketing of HOKE INCORPORATED U.S. Mr Mare Schleebter has been spoointed director of international sales. He will be responsible for the Hoke international marketing organisation in Europe. England, Canada, Africa. Lstin America, the Far East and the Middle East. He was chief operating officer for the Merican-Curtis Group, Loodon. He will be based at Hoke headquarters in Cresskill, New Jersey.

Mr P G Dudeney, managing director of VITAFOAM NIGERIA, bas indicated bis wish to retire early in 1983. Mr S. O. Bolarinde will succeed Mr Dudeney as managing directur. Mr Bolarinde is technical direc tor of VNL.

has dent, law, for FLUOR CORPORA-

porated. New York, of which Mr

Mr Martin D. Payson bas been Finlay will also be president and elected executive vice president and general counsel of WARNER COMMUNICATIONS INCOR-PORATED. New York. Mr Edwin W. Hamowy bas been elected vice president, strategic

planning. Mr Steven P. Mella, bas been appointed division vice president and assistant to the president of

AMF K.K. in Japan.

• Mr Alfred W. Martinelli has been elected president of THE PENN CENTRAL CORPORA-TION, New York, and also president and chief executive officer, from May 20. He succeeds Mr Richard: A. Voell, who resigned last month. Mr Richard Dicker who has been chairman and chief executive officer of Penn Central since the company's reorganisation in October 1978, will serve until the annual shareholders' meeting on May 20 and, thereafter, will continue as chairman of the board. Mr Martinelli bas been president and chief executive officer of Penn Central Energy Group. Incorporated, a wholly-owned subsidiary, and currently serves as a member of Pen Central's board of directors. Mr Thumas C. Cross has been apointed director of marketing for the M. W. KELLOGG COM-

FT INTERNATIONAL BOND SERVICE

	APS Fin. Co. 184 89	75	1031, 1032
	Armto O/S Fin. 154 86	50	100% 101% +
	ATT 14% 88	400	1017 6101
	Baker Int. Fin. 0.0 92	725	287 27 -
	Surraughe Int. 15% 88	60	1031, 1047, +
	Canadelr 1512 87	150	101% 102%
	Cen. Net. Reil 14% 91	100	101% 102%
	Caroline Power 161, 89	60	987, 99%
	Caterpillar Fin. 1612 86		104% 105% -
		100	1021 1031 -
	Citicorp 0/5 15 84/82	100	1031, 1031, -
	Citicorp O/S 164 85/97		597, 997, -
	CHA 457 07	15	1011, 1011,
	CNA 157 97	75	100 100% -
	Con. Illinois 154 89	700	1034 1034
	Ouke Pwr. 0/S 1512 B9	60	
	Oupont O/E 141 88	400	100% 100%
	Oueent O/5 Cap. 0.0 90	300	1004, 1004
	ECSC 14% 87	60	357 364
	E:8 157, 89	150	99% 99% +
	Gen. Elec. Credit 0.0 92	400	100% 101% -
	Gen. Elec. Credit 0.0 93	400	29 294
	GMAC D'S Fm. 15 88	150	251, 26 +
i	GMAC 0/S 154 85/97	100	1024 1024 +
	Guif Canada Ltd 144 92	100	98% 98% +
	Gulf III 144 94	175	36% 88% -
	Gulf Oil Fin. 0 0 92	300	98 987 -
	Gulf States 0/S 10 90	80	28 281, -
	intAm. Ov. 6k. 151, 87	55	98°2 100 —
	Jupan Airlines 154 88	50	55 ² 4 95 ³ 4 —
	Japan Osv. 8k. 151, 87	50	101% 101% -
- 1	Not. West 14% 81	100	1021, 103
	New Brunswick 154 89	75	100% 101 +
	Naw & Lab. Hv. 174 89	75	1041, 1051,
- 1	OKG 154, 85/97	50	106% 106% +
	Ontario Hyd. 16 81 (N)	200	987 987
	Per. Ges & El. 15% 89	50	1057, 1057, +
	Par G. & El 157 00		1023 1035 +
	Pac. Gas & El. 157 89 J. C. Pennsy Gl. 0.0 94	45	103 1037
	Tueber Period ST 00	350	214 217
	Buebec Prov. 154 89	150	100% 101
- 1	R.J. Hynids. 0/5 0.11 92	400	28 284 (
-	Saskatchawan 164, 88	100	104% 104%
	Seekatchewan 15 89	125	1037, 1045, -1
ı	Spein 15% 87	100	95 99
- 1	Stateforateo 15% 87	60	997, 100
1	Sweden 141, 88	150	251, 257, -
	3W. Ex. Cr. 164 84/93	75	1015 1025 +0
	Swed. Ex. Cred. 154 88	100	901 007

25° 26° 46° 66° 15.54 1014 1024 46° 67° 15.41 98° 98° 40° 40° 40° 16.31 20 20° 0 11 14.41 103 103′ 40° -0° 15.40 1017 102° 1 1 -0° 15.44 100° 101′ -0° 1 -0° 14.70 88° 88° 1 -0° 10° 15.43 100° 101° -0° -0° 14.91 100° 101° -0° -0° -0° 14.91 100° 101° -0° -0° -0° 14.91 | REUTSCHE MARK | Strade | Str

YEN STRAIGHTS Issued Bid Offer day wank Yield Asian Dev. 6k, 8k, 91 10 100k, 101k, 0 +0k, 8.05 int. Amer. Dev. 8k, 91 15 102k, 103k, 0 +0k, 8.05 int. Amer. Dev. 8k, 91 15 102k, 103k, 0 +0k, 8.41 Japan Altilines 7k, 27k. 9 97k, 98k, +0k, +0k, 48k, 28k, 87k. 15 107k, 107k. 107k. U.S. DOLLAR

STRAIGHTS | Issued | 6id Offer day week Yield |
Autra Life 15 88/97..... | 150 | 101½ 107½ 0 - 0½ 14.42 |
Amex Int. Fin. 16½ 82 | 75 | 102½ 102½ + 0½ + 0½ 18.69 |
Anheuser-dusch 16½ 88 | 100 | 103½ 104½ - 0½ 0 | 15.44 |
APS Fin. Co. 16½ 89 ... | 75 | 103½ 103½ 1 - 0½ 15.33 | Change on Change on Change on Crd. Foncier 17% 89 CS 30 188% 99% 0 +0% 17.38 Montreal 17 89 CS 50 1102 102½ 0 0 10.40 10.40 100½ 0 -0½ 18.60 100½ 0 -0½ 18.60 100½ 0 -0½ 18.60 100½ 0 -0½ 18.60 100½ 0 -0½ 18.60 100½ 0 -0½ 18.60 100½ 0 -0½ 11.60 100½ 0 +0½ 10.59 100½ 0 +0½ 10.59 100½ 0 +0½ 10.59 100½ 0 +0½ 10.59 100½ 0 +0½ 10.59 100½ 0 +0½ 10.59 100½ 100½ 0 +0½ 10.59 100½ 100½ 0 +0½ 10.59 100½ 100½ 0 +0½ 10.59 100½ 100½ 0 +0½ 10.59 100½ 100½ 0 +0½ 10.59 100½ 100½ 0 +0½ 10.10 100½ 0 +0½ 10.10 100½ 0 +0½ 10.10 100½ 0 +0½ 10.10 100½ 0 +0½ 10.10 100½ 0 +0½ 10.10 100½ 0 +0½ 10.10 100½ 0 +0½ 10.11 10.11 100½ 0 +0½ 10.11 100½ 0 +0½ 10.11 100½ 0 +0½ 10.11 100½ 0 +0½ 10.11 100½ 0 +0½ 10.11 100½ 0 +0½ 10.11 100½ 0 +0½ 15.94 10.

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EUROBOND (nominal)		
	Cedel	Euro
U.S. \$ bonds		
Last week	4,724.3	9,445.
Previons week	4,897.3	9,081.
Other bonds		
Last week	1,031.2	988.0
Previous week	958.2	819.

No information availableprevious day's price.

f Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change oo week=Change over price a week

esrlier. FLOATING RATE NOTES: Denominated in dollars unless next coupon becomes effective Spread = Margin above six-mooth offered rate (three-mooth; sabove mesn rate) for U.S. dollars. C.cpn = The current conpon. C.yld = The current conpon. yield.

CONVERTIBLE BONDS: De-nominated in dollars unless otherwise iodicated. Chg. day= Change on day. Cnv. date=First date for conversion into sbares. Cnv. price = Numinal amount of bond per sbare expressed in currency of share at conversion rate fixed at Issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the sbares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past wask were supplied by: Kredietbank NV: Credit Commercial de France; Credit Lyonnais; Com-merzbank AG: Deutsche Bank AG: Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA, Banque Internationale Krediethank Luxembourg Algemene Bank Nederland NV; Pierson, Heldring and Pierson: Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Bankers Trust International; Credit Commercial de France (Securities) London: Citicorp International Bank; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Guldman Sachs Inter-national Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orinn Rnyal Bank; Samuel Montagu and Co.: Scandinavian Bank; Suciete Generale Stranss Turnbull; Sumitomn Finance International: G. Warbnrg and Co.; Wood

Closing prices oo April 30

المكذا مذلاصا

and Markets INTL. COMPANIES & FINANCE

Hoechst earnings fall as recession hits home sales

BY KEVIN DONE IN FRANKFURT

HOECHST, West Germany's big-gest chemicals group, achieved exports showed a nominal bas suffered falling sales chiefly idruks company, increased con-tinuously increased group sales of 5.4 per cent in the DM 1.8bn, The volume of export sers, plastics and pharmaceutifirst quarter of 1982 to DM 8.9bn sales jumped by 6 per cent cals. (\$3.8bn), but it is still having to giving a marginal overall inrely on foreign sales for growth, crease in volume sales The company is being bit hard 0.4 per cent.

by the general recession in the domestic market. The volume of home sales dropped by 8 per cent in the first three months of

Hoechst's domestic turnover fell DM 1.2bn

Parent company profits dropped further by 4.2 per cent to DM 203m (\$87m) from DM 212m, following the steep fall of 23 per cent in group price increases pre-tax profits in 1981

small nominal increase in increase of 12 per cent to in inorganic chemicals, fertili- solidated profits last year by a

achieve a small operating profit in its fibres operations in 1981

The commodity plastics operation, however, is still suffering DM 220m pre-tax last year.

Pernod increases profit

little over 20 per cent to FFr 300.3m (\$48.4m).

a first half in which the comthe slack market and high interest rates. But in the second losses. The deficit | activities, and a better contributhan ition from Austin Nicholls, its i U.S. subsidiary.

Saudi interests buy stake in IBH

BY OUR FRANKFURT CORRESPONDENT

SAUDI ARABIAN business Münchmeyer, Hengst banking have acquired a significant minority shareholding in IBH Holding, the West German building machinery with the injection of (\$38.6m) in new

Establishment, a major Saudi industrial group beaded by Sbeikh Saleh A. Kamel, is the first public move by a Saudi investor to acquire West German industrial holdings.

Previously the states of Kuwait and Iran have led Middle East Interests purchasing West German industrial equity with the acquisition of significant minority stakes in companies Metallgesell-Deutsche Babcock, and Korf Stabl.

IBH Holding, which was founded in 1975 by the West enterpreneur Herr expanded in seven years to become the world's third largest supplier of construction machinery after Caterpillar of the U.S. and Komatsu of Japan.

With sales last year of DM 2.4bn IBH's growth has been based on a series of takeovers of companies—several in financial difficulties—such as Zettelmeyer, Hamm, Hanomag, and Wibau in West Germany. Terex in the U.S., Hymac in the UK, and Derruppe, Pingon and Maco-Meudon in France.

In total IBH Holding is ith DM 90m being subscribed by Dallah, and DM 20m each coming from three existing shareholders, General Motors of Schroder, years

1.44

1.002

Herr Esch, who has per cent after the latest capital injection, still controls 56 per cent of the voting shares. The acquisition of a 17.8 per cent of the voling shares, cent atake in IBH by Dallah although this control has been reduced from the previous level of 80 per cent. Other equity stakes are held by private Swiss and West German investment interests.

> Herr Esch said the new capital would be passed on to basis, to cut bank borrowings and reduce interest payments.

The shortage of equity has hitherto been one of the main weaknesses of the young 1BH interest payments of DM 150m

Herr Esch hopes to build much stronger stake in the Sandi Arabian building machinery market as a result of the Dallah stake. Dallah is active in Saudi Arabia as a contractor. and also has interests in airport servicing, entertainment, air conditioning, and manufac-

About 20 per cent of IBH sales are currently derived from the Middle East with particularly strong demand from Iraq. Group sales stagnated in the first four months of the year at DM 700m.

In the U.S. IBH has held off competition from Caterpillar to win an Important contract from the U.S. (which has an interest ducer involving the purchase of of 17.8 per cent). Powell at least DM 100m-worth of Duffryn of the UK (17.6 per equipment ever the next three

	EUROPEAN OPTIONS EXCHANGE								
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н	EIN P	F.55 F.17.50	14	1,30	_				
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When you're a leader in Dutch insurance you're well placed to seek wider horizons

In 12 years, we've grown to be one of The Netherlands' largest insurance companies.

And from that strong and profitable base, we've

launched out around the world. Our latest major initiative has been the acquisition of the fifty-five year old National Old Line Insurance

Company of Little Rock, Arkansas, to spearhead our

expansion in the North American life assurance and health products market. In addition to the USA, were also active in Europe,

the Middle East, the Caribbean and South-East Asia, with international business now contributing 26% of our total revenue.

Sustained and balanced growth on an international basis has always been our objective, and remains so for the future.

Our broadly based activities include life assurance (53%), general and re-insurance (37%), and non-insurance, but related, activities including mortgages, property development and holiday centres (10%).

If you have an interest in a successful company that is well on course for future international development, you should know more about Ennia.

Please contact us for full information. Ennia nv. PO Box 202, Churchillplein 1, The Hague, The Netherlands.



Notice of Annual General Meeting

The Annual General Meeting of Shareholders will be held at the Promenade Hotel, 1 Van Stolkweg. The Hague on Wednesday, 26th May 1982 at 2.00 p.m.

From 4th May 1982 the agenda for the meeting and the 1981 Annual Report can be obtained from the Company Secretary Ennia nv. PO Box 202, 2501 CE, The Hague, or from Ennia Insurance Co. (UK) Ltd., 136 Fenchurch Street, London EC3M 6BL.

Besides discussion and approval of the annual accounts for 1981, the agenda for the meeting will include: a report on the results for the first three months of 1982, announcement of retirement and appointment of members to the Executive and Supervisory Boards in 1983 and a vacancy on the Supervisory Board in 1983, consent for a further issue of Preference Shares, and the consequences of changes in legislation concerning companies resulting from the EEC's 2nd Directive on Company Law.

Holders of registered shares can attend the meeting without advising the Company beforehand.

On presentation of a deposit receipt of their certificates at the office of Algemene Bank Nederland N.V. in London holders of BDRs are also entitled to attend the meeting and take part in the discussions, but are not

The certificates must be deposited not later than 19th May 1982.

The Executive Board, 1 Churchillplein, The Hague

4th May 1982.



Canadian Pacific Limited

(Incorporated under the laws of Canado)

U.S. \$75,000,000

145% Collateral Trust Bonds due 1992

Issue price 100% plus accrued interest from June 1, 1982

The following have agreed to subscribe or procure subscribers for the Bonds:

Orion Royal Bank Limited

Amro International Limited

Commerzbank Aktiengesellschaft Goldman Sachs International Corp.

Salomon Brothers International

Société Générale de Banque S.A.

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Wood Gundy Limited

The Collateral Trust Bonds have been edmitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary global Bond. Interest is payable annually on June 1, the first payment being made on June 1, 1983.

Full particulars of the Bonds are available in the Extel Statistical Service and may be obtained during usual business hours up to end including May 18, 1982 from: Orion Royal Bank Limited

1 London Wall London EC2Y 5JX R. Nivison & Co. 25 Austin Friars London EC2N 2JR

Note 1900	Companies and Markets			WORL	D 2100	CK MA
Company Comp	Stock	Stock 30 29	Ct Atl. Pac. Tea. 5 Gt. Basins Pet. 273 Gt. West Financi. 1031 Gt. West Financi. 1031 Gt. West Financi. 1031 Greyhound. 2342 Halliburton. 3451 Halliburton. 3451 Halliburton. 3451 Halliburton. 3452 Harris Bancp. 2552 Harris Corp. 3013 Harrocourt Brace. 1551 Harris Bancp. 2552 Harris Corp. 3013 Harris Corp. 3013 Harris Corp. 3014 Harris Bancp. 2552 Harris Corp. 3014 Helizatii. 1812 Hel	Stock SD 39	Stock 350 299	AN EARLY retreat on Wall Street y moderate activity, ground was regain mid-session. Analysts attribute the morning's decit street worries reg escalation of the cont Britain and Argenti Falkland Islands. The Dow Jones Average was a net 843.51 at 1 p.m., a fallen to 841.51 at the calculation. The Nys mon index lost 11 balance at 886.97, at Se6.81. Declioes led a sevento-five mare session after tradiog 30.65m shares, down Friday's 1 p.m. figure The relatively slo trading anelysts sa that investors aren to sell off their positi instead mainly wat sidelines for furthe ments. Helping to depree Average was U.S. Ste component of the in dipoed 1; to \$23; ex Metromedia silpped after news that it is Radiofone for \$25 a Metromedia silpped after news that it is Radiofone for \$25 a total price of at Radiofone, traded counter, opened oo \$23, up 44. In contrast, Tosco \$12; in sective trad must pay Tosco abor a result of its decis out of the Colony sh ject, in which. The Colony sh ject, in which Tosc per cent stake. THE AMERCAN Value Index was do 289.64 at 1 p.m. Vo sbares (2.57m). Canada Most sectors die easier inclination morning in thio de Torooto Composit Can Pacing Bank. 221, Bek. Montreal 23, Agone Staal 23, Agone
	Chamo Int. 164s B46 Chamo B0 Plug B46 Cherter Co. 218 S478 S478 S478 Chomical NY 3438 S554 S554 S554 S67.08 B46 Chicage Onoum. 1478 151a S554 S67.08 B478 S754 S64 S654 S67.08 B478 S754 S64 S64 S65 S755 S755 S9.58	Can Metors	May Dept. Strs	Rolm	1983 141	Hollinger Argus. Hudson Bay Mn9 Hudson's Bay Mn9 Inco

NEW YORK ACTIVE STOCKS Change

on day - 4 + 4 + 4 - 4

Friday Stocks Closing traded price Sterling Orug 904,000 23% 758,800 64% Raiston Pusina 602,500 30% Exxen 525,800 28%

on day -474 + 34 + 34

Dow off 4.8 at mid-session

noderate activity, but some 7.9 to 1.387.0 and Real Estate ancouncing a rise in 1981 parent HK3362.07m. round was regained around and Construction 37.4 to 3,710.8. company net profits. nid-session.

Analysts attributed much of index put on 12.7 to 2,129.2, aided by a higher Builton price.

Street worries regarding the escalation of the conflict between Scritzin and Argentina over the

escalation of the conflict between
Britain and Argentina over the
Falkland Islands.

The Dow Jones Industrial
Average was a net 485 off at \$4351 at 1 p.m., after having fallen to \$4151 at the 10.30 a.m. calculation. The NYSE All Common index lost 11 cents on halance at \$68.97, after touching.

Smelting, which reported a first-quarter loss, shed \(\) to C\$18\(\).

Among the actives, \(\) Hitelded \(\) to C\$18\(\) Guif Canada \(\) to C\$3\(\) and \(\) Dome Petroleum \(\) to C\$3\(\).

Germany

A slightly easier bias prevailed alance at \$66.97, after touching. 86.81. Declioes led edvances by 2 seve-to-five margin at midsession after trading volume of
30.65m shares, down from last
Friday's 1 p.m. figure of 36.85m.
The relatively slow level of
trading anelysts said, signifies
that investors aren of yet ready
have been applied by the selftrading anelysts said, signifies
that investors aren of yet ready

M 0.90 at DM 285 and Dresdner

o sell off their positions but are nstead mainly waiting on the idelines for further develop-Heloing to depress the DJ Average was U.S. Steel, a major component of the index which

per cent stake. 8
FHE AMERCAN SE Market
Value Index was down 0.82 at
289.64 at 1 p.m. Volume 2.38m

Gavaert Hebeken Intercom Krediotbank

Most sectors displayed an easier inclination yesterday morning in thio dealings. The foreote Composite Index Composite eceded S.S to 1,539.3 at mid-day

Closing prices (or North America were not available for this edition.

A slightly easier bias prevailed in very quiet trading.
The combination of the Falk-

However, some major Banks hardened, with Deutsche np DM 0.90 at DM 286 and Dresdner DM 0.70 at DM 165 amid speculatioo of B further Bundesbank interest rate cut this week.

Among Motors, Volkswagen
declined DM 1.30 to DM 144.20

Averags was U.S. Steel, a major component of the index which dipoed 1½ to \$23\footnote{\text{g}} ex dividend.

Metromedia slipped 1½ to \$210\footnote{\text{g}} following news of higher first-quarter news that it is to acquire Radiofone for \$26 a share, or a total price of about \$56m.

Radiofone, traded over the counter, opened oo a bid of \$23, up 4\footnote{\text{g}}.

In contrast, Tosco gained 1½ to \$210\footnote{\text{g}} for the 1981 year. BMW shed DM 2 to DM 205, bot Daimler edged up DM 0.20 to DM 286.50. Hoerhst, although it hopes to hold its dividend despite weaker markets, slipped a slight DM 0.30 to DM 124.70 in Chemicals. Electricals had Brown Boveri DM 3.90 weaker at DM 195.10, still depressed by last week's news of a dividend cut.

Tokyo

The market was closed yester-day for the Constitution Day holiday.

In a half-day trading session on Saturday, the Nikkei-Dow Jones Average improved 54.77 to to 7.445.57 and the Tokyo SE index advanced 4.74 to 550.98.

Paris

Bourse prices were mixed in light trading. Dealers cited caution on the part of market operators due to uncertainty over the international political situa-

· rudhtun lunga luca

Switzerland Uncertainty about latest developments in the Falklands latest crisis kept foreign investors out of Swiss stock markets yesterday, and prices registered narrow

mixed movements. Expectations that Swiss con-sumer price index figures for April will be less favourable than in March because of rising petrot prices and higher rents also caused many operators to stay on the sidelines.

Australia

Markets drifted lower in quiet trading. The Australian All Ordioaries index slipped 2.7 more to 499.5, the second time it has fallen through its 500 basemark since introduction of the index at the start of 1980. Brokers said the British air strike on the Falklands prompted little foreigo interest in Australian stocks despite markets here being the first to trade after the bombing.

Among Minings, North Broken Hill fell 13 cents to A\$1.95 on reporting an A\$1m third-quarter loss.

loss.

CRA shed 10 cents to A\$2.85 and Western Mining 5 cents to A\$3.85, but MIM hardened 3 cents to A\$3.85. Bold shares were little changed.

Overail market leader BHP dipped 20 cents to A\$7.66, while in the Oil and Gas group, Santos lost 10 cents at A\$4.90 and Crusader Oil the same amount to A\$4.40.

Hong Kong

AN EARLY retreat took place whils Oil and Gas dipped 23.3 In Electricals, CIT-Alcatel HK\$322.58m on the four ex-in Wall Street yesterday in to 2.545.9, Metals and Minerals eased FFr 2 to FFr 866 despite changes, against last Friday's

Hong Kong Electric, after the recent sharp rise on the buying of a controlling interest by a Hong Kong Land-led group of investors, retreated 65 cents to HK\$6.05.

China Light lost 30 cents at HK\$14.70 and Hutchisso Whampoe 20 cents at HK16.80, but Jardine Matheson gained 20 cents at HK\$18.80, as did Wheelock Marden "A," at

HK\$6.45. Johannesburg

Last Friday's New York fall in the Bullion price left most Gold shares easier yesterday. Trading

was limited by the London May Day holiday. Gold producers shed up to 150 cents, as in Western Deep,

R28.00.
Mining Financials and Plati-nums also tended to soften, but Copper share Palamin gained 30 cents at R12.50.

Singapore

Shares ented with no decided trend after moderate activity.
Growth Industrial put on 8 cents to \$\$3.72 and Development Bank 10 cents to \$\$8.15, but Sime Darby shed 7 cents to \$\$2.29, Overseas Chinese Bank 10 cents to \$\$12.40 and Selangor Properties also 10 cents to \$\$5.40.

HONGKONG RUBBER

With substantially increased contributions from tin tribute and investment income. Hong. kong (Selangor) Rubber has shown an upsurge in profits from £460,092 to £612,247 in the year 1981. And the dividend is effectively lifted by 6p to 25p net, the final being 17p.

Tin tribute came to £395,068 (£313,242) and investment income to £122,624 (£69,462). After tax of £330,407 (£278,809) With substantially iocreased

Last Friday's advance was taken a good stage further in early trading yesterday on spillover buying. but substantial liquidations near the close left stock prices mixed to easier on the day.

The Hang Seng index finally showed a modest cet declice of 3.16 at 1,320.20. There was a reasonable turnover of showed a modest cet declice of 1.20.14p) per share.

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16.

CANADA			BELGIUM (con	tinued)		HOLLAND			AUSTRALIA			JAPAN (contir	nued) Prico	+ 01
	nr.I l	April	April 30	Price	+ 01	May 8	Price	+ or	May 3	Price Aust. \$	+01	May 1	Yen	
Stock	So.	22		Fre.	_		Fig.					Kubota	339 440	
	63 ₄ 55 ₈	163 ₄ 161 ₂	Royale Beige	5,490	-26 +40	ACF Holding	90.6 79	-0,5 +0,5	ANZ Croud	4.96 1.69		Kumgaa(3,180	+1
Agnice Edgle	634 312	854 281g	Soc. Oan. Bano Soc. Dan. Balge,	2,775 1,340	-14	ABH	29	-0.5 -14	Ampol Pet	1.46	P-14-14-	Maeda Cons	678	-5 +14
Alcome Steel	27g	327e 125e	Softna	1,250	-25 +30	AMEV	87.8 58.9	-0.1 -0.8	Aust Cons. Ind	1.50	m.m.,,	Marubeni	989	+14
Bk. Montreal 2	036 138	2034	Tracton Elect	2.065	-70 -15	Bredere Cert Beskalls Westm	50,9	-1 -0.6	Aust Guarant	9.35 2.65	+0.06	Marul	889	+24
Basie Resources 3	,25	3.26	Viellie Mont	2.065	5	Buhrmann-Tet	34.8		Aust Paper	9.74	-0.03 -0.01	Matsushita M'ta Eleo Works. M'bishi Bank	534	+8
Bow Valley 1	37g	125a 1378				Ennie MIU	147.5 127	-8	Bue Motal	1,45	+ 0.06	M'bishi Corp M'bishi Elect	53D	+13
BLTECKU Y	770	3212 18				Euro CommTst Gist, Brocades		-0.7	Boral	9.65 1.34	-0,07	M'bishiRl East	468	+5
B. C. Forest	218	4.05 814	DENMARK	1		Neineken		-0.7	I DI IURA WINDHIMP		+0.03	MHI	315	-1
CadillecFairview	B	34 B	May 3	Price	+ 01	Hunter Couglas	20.10		BHP	7.66	-0.20	Mitsul Ri Est Mitsu-koshi	370	+6
Camfio Minos!	812	9	Andelsbanksn	113,2		Nagroe's	101.6	8.5	CRA	9.85 3.34	0.10 0.01	NGK Insulators Hippon Denso	1,040	711
Can HW Lands 2	6 1	2412	Battica Bicand Cookandelsbank	365 126	-19	Nat Hed cert		0.3	Cariton & Utd Castlemaine Tys.	3.65	-0,46	Niopen Gakki Niopen Meat	395	+9
Can Trusco	_	2914	O. Bukkerfab Geneke Bank	125,6	+0,8	Ned Mid Bank Hed Lleyd	138	********	LOIUIT OIL (AUMD)	U,DZ	+0.02	Nippon Oil	B90	+10
Can Pacific 9	212	223 ₄ 253 ₆	Ferende Berygg. Foronede Damp.	100,4	-0,6 -4	Dee Grinten Ommeren (Van)	96,9	-4,5	Cockburn Cernt. Coles (G.i)	1.39	-0.01	Nippon Steel Nippon Zuisan	216	+1
Can Tire 3	351 4	3534	SNT Hidg	277,4	-2.5 +1.4	Pakhoad.,	43,6	-1,0	Costain	1.80	-0.05	NTV	829	_10 _1
Chieftain	181 ₂	1852	Nerd Kabel Nevo Ind	175 137.5	-1.4	Rijn-Scheide	29	+0.3	Crusader Oil	4,40	-0.10	NisshinFlour Hisshin Steel		+9 -9
Cone Bathst A 1	578	1410	Papirfabrikker	21.4		RobecoRodamco	122,4	-0.1	Ounlop	3,15 0,26	-0.03	Hermura	456	+1
Cosaka Rparc'es i	710	654 718	Privatbankon	113.4	+D,5	Rollnoo	148.4	-1,4	Oen Pro Trust Hartogon Energy	1.60	-0.03	nlympus	869	+96
Daon Devel 2	51	9,55	Smidth (FI) S. Berendsen	505,4	-3,5 +0.4	Royal Dutch	85,5		Hooker	1.00	-0.82 -0.82	Ploneer	1,510	+80
Dome Minas 1	234	1319	9ugortes	91,4	-1,0	Tekno Pas H9	156	-1 -5.5	JonningsJimb lana(SOoFP	1,59 1,25 0,26	À	Ricoh	629	+25
Come Patroleumi Dom Foundries A; 3	3 1	87e				Viking Res Vmf Stork	47.5	+0.5	Jones (D)	1.50 0.11		Sapporo Sekisui Prefab		+1
	16	157g 191g				West Utr Bank			Leonard Off	D. 17 3,18	+0.03	Bharp	745	+97
FaiconNier 4(5 Constar 1 Ct-West Life, 21	50 157	151	FRANCE						Mocketherra Me Meridian Oil		-0.01	Stanley	3,420	+140
CtWest Life	33.	210 1334	May 50	~					Monarch Pet	0,09	C.L.	3'tomo Marine Talhai Dengyo	996	+1
Ouitstream Res 3	81 ₉	3,26 B1 ₂	may so	Price Fra.	+01	ITALY			Myer Emp Nat. Bank	9.68	0.02 0.19	Taisel Corp Taise Oherm	275	-10 +8
			Emprunt 44% 1976 Emorunt 7% 1876	1,857 6,490	-43 6	May 3	Price	+ or	News Hicholas Kiwi North Bkn Hill	1.35	-0.15	Takede	838	-1 +280
Hudson Bay Mne 1	174	174	CNE IZ	9,978	+5		Uro		Oakbridge	1,28	-0.02 -0.05	Teliln Tolkoku Oil	242	+4
Husky III	74	75	Aquitaine	139	+1	Assicur Gen Banca Com'is	140,875 56,000	— 26	Pancon	1.65	-0.05 +0.01	TBS	456 /	-6
1mp Oli A 9	10	40 224	810	490	-4	Bastogi Fin Centrale Credito Veresine	167.0	+1	Pioneer Co	1,43	-0.02	Tokio Marine Tokyo Elect.Pwr.	881	+1
Indal 1 Inter, Pipe 1	1358	135	BSH Gervals	1,436	-12	Flat	1,755		Reckitt & Coln	1.85	+0.07	Tekye Gas Tekyo Sanye	449 (+10
	1	174	Club Mediter	589	+6	Finsider Invest Italoemanti	31,0 2,700	7.5	Santos	0.85		Tokyu Corp	348	+18
Marks & Spencer 1	0.5	193,	CSF(Thomson1	164	-8 -3	/ Italsider	1202		Sparges Expel	0.22		Toshiba TOTO Teyo Solkan Toyota Motor	479	+4 +32
Mointyre Mines 3	1.70 53	2,71 33	Cle Bancaire	912.9 393.1	+0.4	Olivetti	9 750	—1.76 —56	Thos. Natwide	2,20	-0.03	VICEDI	12.46U	+930 6
Merland Explor 5	5,50 181 ₉	5,50 193 ₈	Cle Gen Eaux Coffmeg Creusot Loire	118.5 21.5	+0.8	Perelli Co	1.397	-18	Vallent Consdt	0.18	-0.05	Waccel Yamaha Yamazaki	750 588	+10
Mitol Corp	81 ₄	754	ONEL	122	+1,5	Tero Assic	579 15,925	-2 -75	Waltone	3.85	0.85 0.05	Yasuda Fire Yokogawa Bdge.	236	_10
HOLYUGE WILLES "1 7	1434	16	GenOccidental.	1,070 365,8	-20 -1,2	do. Pref	13,006	-195	Woodside Petrol Woolworths Wormald Intl	0.82 1.63 2.50	0.02		000	
Hthn. Telecom	114s	56 1158 2.05	Imetai	69	-8 -0.9	NORWAY			World Indiana	2,00	******	SINGAPORE	1	
Pari can Petrol	412	65	L'Oreal	1,660	+3	May3	Price	+ 07	HONG KONG			May 3	Price 8	+01
Oleger Dev	11	111	Machines Bull	29.7	-1.1	110003.0	rinve	TW						
Duches Plans	11 1	111a	Matra	1,230	+7		Kroner					Boustead Bhd	2.21	-0.00
emanac strau-1 >	.50	2,50	Matra Michelin 8 Moet-Hennesey .	1,230 811 714	-8	Bergens Saka Borregaard	110.5		May 3	Orlos H.K.\$	+_or	Cold Storage	3.88 8.15	+0,08
	51a 1	2,50 65g	Most-Hennesey . Moulinex	1,230 911 714 50,1 380,1	-8 +8 +0.1 +0.1	Borregaard Creditbank Eikem	110,5 121 137,5 49 5		Cheung Kong	17,2		Cold Storage	3.88 8.15	+0.10 0.06 0.02
Ranger III	51s 1	55g 121g 341g	Most-Hennesey . Moutinex Oornod Ricard Oerrier Peugeot-8.A	1,230 811 714 50,1 380,1 179 183,2	-8 +8 +0.1 +0.1 +4 +1.2	Borregaard Creditbank Elkem Kosmos Nersk Hydro	110,5 121 137,5 49,5 345		Cheung Kong Cosme Prog Cross Nerbour,	17.2 1.55 10.5	-0.1	Cold Storage OBS	3.88 8.15 6.45 3.00 2.18 5.20	+0.10 -0.06 -0.02 +0.01 -0.86
Ranger till Reed Stenhs A 1 Rie Algem 3 Royal Benk 2 RevalTrustee A 1	51s 21s 41s 11se 27s	55g 121g 341g 211g 14	Moet-Hennesey Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A Poolain Radietech	1,230 811 714 50.1 380.1 179 183.2 146 328	-8 +8 +0.1 +0.1 +4 +1.2 +3 +6,5	Borregaard Creditbank Eikem	110,5 121 137,5 49,5 345		Cheung Kong Cosme Prog Cross Nerbour, Hang Seng Bank HK Electric	17.2 1.55 10.5 91 6.05	-0.1	Cold Storage OBS	3.88 8.15 6.45 3.00 2.18 5.20	+0.10 -0.06 -0.02 +0.01 -0.66
Rangor IIII Reod Stenhs A	61s 21s 41s 41s 51s 61s 61s	55g 121g 541s 211g 14 514 56	Meet-Hennesey . Moutinex . Oornod Ricard Oerrier Pougaot-S.A Poolain Radietech Redeute	1,230 811 714 50,1 380,1 179 183,2 146 328 980	-8 +8 +0.1 +0.1 +4 +1.2 +3	Borregaard Craditbank Elkem Kosmos Nersk Hydro Storobrand	110,5 121 137,5 49,5 345		Cheting Kong Cosme Prog Cross Nerbour Hang Seng Bank HK Electric HK Kowloon Wh. HK Land	17.2 1.55 10.5 91	-0.1 -0.65 +0.75	Cold Storage	3.88 8.15 6.45 3.00 2.18 5.20 6.30 12.4 9.29	+0.10 -0.06 -0.02 +0.01 -0.86
Rangor IIII Reod Stenhs A 1 Rie Algom. 3 Royal Benk 2 ReyalTrusteo A 1 Sceptre Rss. 5 Sagram 5 Shell can Oil 1	51s 21s 41s 14s 14s 51s 51s	55g 121g 541g 211g 14 514	Mect-Hennesey Moulinex Oornod Ricard Oerrier Peugeot-S.A Poolain Radietech Redeute Roussel-Volef Skis Rossignel Telemech Elect	1,230 811 714 50,1 380,1 179 183,2 146 328 980 291,25 532 803	+8 +0.1 +0.1 +4 +13 +6.5 +5	Borregaard Creditbank Elkem Kosmos Nersk Hydro	110,5 121 137,5 49,5 345		Cheung Kong Cosme Prop Hang Seng Bank HK Electric HK Kowloon Wh. HK Land HK Bhanghi Bk HK Telephene Hutchieon Wna	17.2 1.55 10.5 91 6.05 5.45 7.60 11.5 98.2 16.8	-0.1 -0.65 +0.16	Cold Storage OBS Fraser & Neave Haw Par Haw Par Haw Par Hake	3.88 8.15 6.45 3.00 2.18 8.20 6.30 12.4 9.29 9.60 4.38	+0.10 -0.06 -0.02 +0.01 -0.66 -0.1 -0.07
Ranger IIII Reed Stenhs A 1 Rie Algem 2 Royal Benk 2 Royal Trustco A 1 Sceptre Rs 3 Stagram 5 Steol of Cen A 9	515 121	2,50 65g 121g 341s 211g 14 614 66 17 2034 666 145s	Meet-Hennesey . Moutinex . Oornod Ricard Oerrier Pougaot-S.A Poolain Radietech Redeute	1,230 811 714 50,1 380,1 179 183,2 146 328 980 291,25 532 803	-8 +8 +0.1 +0.1 +4 +1.2 +3 +6.5 +5	Borregaard Craditionik Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5	110,5 121 137,5 49,5 345 399		Cheuns Kong Cosme Prop Cross Nerbour Hang Senz Bank HK Electric HK Kowloon Wh. HK Land HK Shanghi Sk HK Telephene Hutchison Wpa Jardine Math Hew Werld Dev	17.2 1.55 10.5 91 6.05 5.45 7.60 11.5 98.2 16.8 18.8	-0.1 -0.65 +0.15 -0.9 +0.8	Cold Storage OBS Fraser & Neave Haw Par Haw Par Hake Par Maiay Banking Maiay Banking Maiay Brew OCBC Jima Darby Straits Trg UOB SOUTH AFRIC	3.88 8.15 6.45 3.00 2.18 5.20 6.30 12.4 9.29 9.60 4.38	+0.10 -0.06 -0.02 +0.01 -0.65 -0.1 -0.07
Rangor IIII Reed Stenhs A 1 Rie Algom 2 Royal Benk 2 ReyalTrustco A 1 Sceptre Res 5 Sagram 5 Sheli can Oll 1 Steol of Cen A 1 Texaco Conada 2 Thomson Howa A 2 Toronto Dom 8k 2	61g 121g 121	2,50 65g 121g 341g 211g 14 614 65 17 2034 645 245g 27	Mect-Hennesey Moulinex Oornod Ricard Oerrier Peugeot-S.A Poolain Radietech Redeute Roussel-Volef Skis Rossignel Telemech Elect	1,230 811 714 50,1 380,1 179 183,2 146 328 980 291,25 532 803	+8 +0.1 +0.1 +4 +13 +6.5 +5	Borregaard Craditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5	110,5 121 137,5 49,5 345 399 222,6 Price Kroner	+ or	Cheung Kong Cosme Prop Cross Nerbour Hang Seng Bank HK Electric HK Kowloan Wh. HK Land HK Blanghi Bk HK Telephene Jardine Math Hew Warld Dev O'seas Trust Bk SHK Props	17.2 1.55 10.5 91 6.05 5.45 7.50 11.5 98.2 16.8 18.8 4.5 6.05 7.36	-0.1 -0.65 +0.75 -0.2 -0.9 +0.2 -0.9	Cold Storage OBS Fraser & Neave Haw Par Haw Par Hake Par Maiay Banking Maiay Banking Maiay Brew OCBC Jima Darby Straits Trg UOB SOUTH AFRIC	3.88 8.15 6.45 3.00 2.18 5.20 6.30 12.4 9.29 9.60 4.38	+0.10 -0.06 -0.02 +0.01 -0.66 -0.1 -0.07
Rangor III Read Stenhs A 1 Rie Algom 3 Royal Benk 2 Reyal Trusteo A 1 Seaptre Rs 2 5 Shell can Oll 5 feck 8 (Texaco Conada 7 Thomsen Howe A 2 Trons Dom Sk 2 Truns Matr. IIII. 4	5.50 51s 121s 121s 141s 137s 157s 165s 171s 171s 171s	2.50 1214 3418 21113 144 514 56 17 2034 646 2458 2076 22136	Mect-Hennesey Moulinex Oornod Ricard Oerrier Peugeot-S.A Poolain Radietech Redeute Roussel-Volef Skis Rossignel Telemech Elect	1,230 811 714 50,1 380,1 179 183,2 146 328 980 291,25 532 803	+8 +0.1 +0.1 +4 +13 +6.5 +5	Borregaard Craditionik Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA	110,5 121 137,5 49.5 345 329 222,6 Price Kroner 194 210	+ er	Cheung Kong Cosme Prop Cross Nerbour Hang Seng Bank HK Electric HANG Seng Bank HK Cand HK Ghanghi Bk HK Telephene Hutchison Wpa Jardine Math Hew Werld Dev C'seas Trust Bk SHK Props Swire Pag A Wheel'k Mard A	H.K.8 17.2 1.55 10.5 91 6.05 7.60 11.5 98.2 16.8 4.5 6.05 7.36 11.5 6.05	-0.1 -0.65 +0.15 -0.2 -0.9 +0.3 -0.7 -0.1 +0.20 +0.20	Cold Storage OBS Fraser & Neave Haw Par Malay Banking Malay Brew OCSC 9ima Darby Straits Trg UOB May 5	3.88 8.15 3.00 2.18 5.20 6.30 12.4 9.29 9.60 4.38	+0.10 -0.02 +0.01 -0.85 -0.1 -0.07 +0.02 + er -0.55
Ranger IIII Reed Stenhs A 1 Rie Algom 2 ReyalTrusteo A 2 ReyalTrusteo A 3 Sagram 5 Shell can Oll 1 Feck 8 5 Trexsco Conada 2 Thomsen Hows A. 2 Trens Manth. IIII A Utd. Bisso Mines 9.	51s 121s 141s 141	2,50 1214 3415 2113 14 514 514 517 2034 646 2458 2076 2715 715 4,26 1634	Moet-Hennesey Moutinex Oorned Ricard Oerrier Peuseot-S.A. Poolsin Radietech Redutte Roussel-Velef Skis Rassignel Telemech Elect Valeo	1,230 811 714 50.1 380.1 185.2 146 328 980 291.2 532 803 240	-8 +0.1 +0.1 +4.2 +6.5 +5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval Astra Astra Astra Attas Copoo	110,5 121 137,5 49,5 345 292,6 Price Kroner 194 210 162 368 106	+ er -1 +3 +3 +1	Cheung Kong Cosme Prop Cosme Prop Hang Seng Bank HK Electric HK Kowloon Wh. HK Cand HK Ghanghi Bk HK Telephene Jardine Math Hew Warld Dev O'seas Trust Bk SHK Props	17.2 1,55 10.5 91 6,05 7,50 11.5 18.8 18.8 18.8 18.8 11.5 6,05 7,36 11.5 6,05	-0.1 -0.65 +0.15 -0.9 +0.9 +0.9 +0.9 -0.05	Cold Storage OBS Praser & Neave Haw Par Halay Banking Malay Braw OGBC Jima Darby Straits Trg UOB SOUTH AFRIC May 5 Abereom AE & GI	3.88 8.15 3.00 2.18 5.20 6.30 12.4 9.59 9.60 4.38 Prico Rand	+0.10 -0.02 +0.01 -0.85 -0.1 -0.07 +0.02 + er -0.85 -0.1
Rangor III Read Stenhs A 1 Rie Algom 3 Royal Benk 2 Reyal Trusteo A 1 Seaptre Rs 2 5 Shell can Oll 5 feck 8 (Texaco Conada 7 Thomsen Howe A 2 Trons Dom Sk 2 Truns Matr. IIII. 4	5.50 61s 121s	2,50 55g 121g 341s 211g 14 51 61 17 2034 65g 17 2034 65g 17 2034 65g 17 2034 65g 17 17 17 17 17 17 17 17 17 17	Mect-Hennesey . Moulinex Oornod Ricard Oerrier Peugeot-S.A Poolain Radietech Redeste Roussel-Uclef Skis Rossignel Telemech Elect Valeo	1,230 811 714 50,1 380,1 179 183,2 146 328 980 291,25 532 803	+8 +0.1 +0.1 +4 +13 +6.5 +5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Astre Astre Copoo Boliden	110,5 121 137,5 49,5 345 399 222,6 Price Kroner 194 210 162 368	+ er -1 +8 +1 -1 -1	Cheung Kong Cosme Prop Cosme Prop Hang Seng Bark HK Electric HK Kowloon Wh. HK Shanghi Bk HK Telephene Hartchison Wpa Jardine Math O'seas Trust Bk SHK Props Wheel'k Martd A. Wheel'k Martd A. Wheel'k Martd A.	17.2 1,55 10.5 91 6,05 7,50 11.5 18.8 18.8 18.8 18.8 11.5 6,05 7,36 11.5 6,05	-0.1 -0.65 +0.15 -0.2 -0.9 +0.3 -0.7 -0.1 +0.20 +0.20	Cold Storage OBS Praser & Neave Haw Par Haw Par Hawler Haw	3.88 8.15 6.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 6.30	+0.10 -0.02 +0.01 -0.85 -0.1 -0.07 +0.02 + er -0.55
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Royal Senk 2 Royal Frustco A 5 Seagram 5 Seagram 5 Steol of Cen A 9 feck 8 6 Texseo Conada 2 Thomson Howe A Tronnto Dom 8k. 2 TronsCan Pipe 2 Trans Mnth. III A Utc. 81500 Mines q Walker (H) Res 1 Westcoat Trans 1	5.50 61s 121s	2,50 1214 3418 2113 141 514 157 2034 2458 2076 2778 4,25 1634 1936	Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsin Radietech Redeute Roussel-Velef Skis Rossignel Telemech Elect Valeo May 3	1,230 811 714, 50,11 179 183,2 146 328 980 291,24 532 240 Price Dm.	+8 +0,1 +0,1 +0,1 +41,2 +6,5 +6,5 +6,5 +4 -5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Asfre Atles Copoo Bolfden Collulose Electrolux B Ertesson	110.5 121 137.5 49.5 345 222.6 Price Kroner 194 210 162 209 223	+ er	Cheung Kong Cosme Prop Cosme Prop Cross Nerbour Hang Seng Bank HK Electric. HK Kowloon Wh HK Land HK Bhanghi Bk HK Telephene Hutchison Wpa Jardine Math Hew Warld Dev Creas Trust 8k SHK Props Swira Pag A Wheel'k Mard A Wheel'k Mard A Wheel'k Mard A Wheel'k Marth'e World Int. Hidgs	H.K. 8 17.2 1.55 10.5 91 6.05 5.45 7.50 11.8 18.8 18.8 4.5 6.05 7.36 6.11.5 6.45 6.27	-0.1 -0.65 +0.16 -0.2 -0.9 -0.9 -0.05 -0.10 +0.20	Cold Storage OBS Praser & Neave Haw Par Malay Banking Malay Brew OCBC Sima Darby Straits Trg UOB SOUTH AFRIC May 5 Abereom AE & Cl Angle Am Oeld Angle Am Prop Barlow Rand Suffels CNA invest	3.88 6.45 3.00 6.30 6.30 6.30 6.30 6.30 4.38 Prico Rand 3.10 7.05 8.35 8,10	+0.10 -0.02 +0.01 -0.46 -0.1 -0.07 +0.02 + er -0.1 -0.56 -0.1 +0.02
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Senk 2 Reyal Trustco A 3 Sceptre Rss 5 Sagram 5 Steol of Cen A 9 feck 8 6 Texaco Conada 2 Thomson Howa A Tronnto Dom 8k 2 Trans Mnth. III A Utc. 8:3500 Minas Walker (H) Res 1 Westcoat Trans 15	5.50 61s 121s	2,50 1214 3418 2113 141 514 157 2034 2458 2076 2778 4,25 1634 1936	Meet-Hennesey Moutinex Oorned Reard Oerrier Peugeot-S.A. Poolsin Radietech Roussel-Uclef Skis Rossignel Telemech Elect Valeo May 5 AEG-Telef. Allianz Vors. BASF BAYER.	1,230 811 714, 580,1 179 185,2 146 328 980 291,28 532 240 Price Dm. 43 475 134,9 125,5	+0.1 +0.1 +0.1 +0.5 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0 +1.0	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Astre Cellulose Electrolux B Ericsson Esseite(Free) Fagersta	110,5 121 137,5 345 399 222,6 Price Kroner 194 210 2368 106 209 223 95,6 196 130	+ er -1 +3 +3 +1 -1 -1,0 +4	Cheung Kong Cosme Prop. Cosme Prop. Cross Nerbour Hang Seng Bank HK Electric. HK Kowloon Wh. HK Land HK Bhanghi Bk HK Telephene Hutchison Wpa Jardine Math Hew Werld Dev Creas Trust 8k SHK Props. Swire Peg A Wheel'k Mard A Wheel'k Mard A Wheel'k Mard A Wheel'k Marth	17.2 1,55 10.5 91 6,05 7,50 11.5 18.8 18.8 18.8 18.8 11.5 6,05 7,36 11.5 6,05	-0.1 -0.65 +0.16 -0.2 -0.9 -0.9 -0.05 -0.10 +0.20	Cold Storage OBS Praser & Neave Haw Par Haway Banking Malay Braw OCBC Straits Trg UOB SOUTH AFRIC May 5 Abercom AE & Cl Angle Am Anglo Am Oeld Barlow Rand Buffels CNA invest Currie Finance	3.88 8.15 6.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 4.38 Prico Rand 3.10 7.05 11.8 76.0 8.35 54 8.10 2.45	+0.10 -0.05 -0.02 +0.01 -0.45 -0.1 +0.02 +0.02 +0.02 +0.05 -0.1 -0.1
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Royal Senk 2 Royal Frustco A 5 Seagram 5 Seagram 5 Steol of Cen A 9 feck 8 6 Texseo Conada 2 Thomson Howe A Tronnto Dom 8k. 2 TronsCan Pipe 2 Trans Mnth. III A Utc. 81500 Mines q Walker (H) Res 1 Westcoat Trans 1	5.50 61s 121s	2,50 1214 3418 2113 141 514 157 2034 2458 2076 2778 4,25 1634 1936	Michen Mothersey Mouthersey Mouthersey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsin Radiotech Roussel-Uclef Skis Rossignel Telemech Elect Valeo May 5 AEG-Telef Allianz Vora BASF BAYER BAYER BAYER MOUTINE MOUTE BEASF BAYER MOUTINE MOUTINE BAYER BAYER MOUTINE MOUTINE BAYER BA	1,230 811 714 50.1 179 185,2 146 328 980 291,25 532 240 Price Dm. 43 475 125,5 212	+8 +0.1 +0.1 +0.1 +4 +1.2 +3.5 +5 +5 +4 -0.6 -1.52	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Astre Astre Copoo Bolicen Cellulose Electrolux B Erlusson Esselte(Free) Pagersta Fortle (Free) Mo och Dom	110,5 121 137,5 49,5 349,5 399 292,6 Kroner 194 210 162 368 106 209 25,6 196 128 130 128 130 128	+ or -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1	Cheung Kong Cosme Prop Cosme Prop Hang Seng Bank HK Electric HK Kowloon Wh. HK Gestric HK Manghi Bk HK Telephene Jardine Math Hew Warid Dov O'seas Trust 8k SHK Prope Swire Pag A Wheel'k Mard A. Wheel'k Marth'e World Int. Hidgs. JAPAN May 1 Alinomote	H.K.\$ 17.2 1.55 10.5 91 6.05 5.45 7.66 11.8 98.2 16.8 18.8 4.5 6.05 7.36 11.5 6.46 6.1 9.27	-0.1 -0.65 +0.15 -0.9 +0.8 -0.9 +0.8 -0.95	Cold Storage OBS Praser & Neave Haw Par Haw Par Haw Par Haw Par Haw Par Haw Par Malay Brew OCBC STraits Trg UOB SOUTH AFRIC May 5 Aberoom Anglo Am Oold Anglo Am Prop Barlow Rand Suffels CNA Invost Currie Finance Oc Beeri	3.88 8.15 3.00 6.30 6.30 6.30 6.30 4.30 9.29 9.60 4.38 Prico Rand 7.05 11.8 78.0 8.35 3.10 2.45 8.15 2.45 8.15 2.75	+0.10 -0.05 -0.02 +0.01 -0.45 -0.1 +0.02 +0.02 +0.02 +0.05 -0.1 -0.1
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Royal Senk 2 Royal Frustco A 5 Seagram 5 Seagram 5 Steol of Cen A 9 feck 8 6 Texseo Conada 2 Thomson Howe A Tronnto Dom 8k. 2 TronsCan Pipe 2 Trans Mnth. III A Utc. 81500 Mines q Walker (H) Res 1 Westcoat Trans 1	5.50 61s 121s	2,50 1214 3418 2113 141 514 157 2034 2458 2076 2778 4,25 1634 1936	Michen By Mouther Mout	1,230 811 714, 580,11 179 185,2 146 328 980 291,28 532 240 Price Dm. 43 478 134,9 134,9 134,9 134,9 134,9 134,9 134,9	+0.1 +0.1 +0.1 +0.1 +1.2 +1.5 +0.5 +1.5 +4.5 +4.5 +4.5 +4.5 +4.5 +4.5 +4.5 +4	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Astre Attes Copoo Boliden Collulosa Electrolux B Ericason Esseite(Free) Mo och Dom Saab-Skania Sandvik(Free)	110,5 121 137,5 49,5 349,5 399 292,6 Kroner 194 210 162 209 223 95,6 128 130 128 117 128 117 128 117 128	+ er -1 +5 +1 D +4 +4 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1	Cheung Kong Cosme Prop Cosme Prop Hang Seng Bank HK Electric HK Kowloon Wh. HK Kowloon Wh. HK Ghanghi Bk HK Telephene Jardine Math Hew Warld Dov O'seas Trust Bk SHK Props Swire Pag A Wheel'k Marti'e World Int. Hidgs JAPAN May 1 Alinomoto Amada Asashi Class	H.K. 8 17.2 1.55 10.5 91 6.05 7.56 11.8 98.2 16.8 4.5 6.05 7.36 11.5 5.46 6.05 7.36 11.5 9.27	-0.1 -0.65 +0.75 -0.9 +0.2 -0.9 +0.2 -0.1 +0.20 -0.16 -0.16	Cold Storage OBS Praser & Neave Haw Par Malay Brew OCBC STraits Trg UOB SOUTH AFRIC May 5 Abercom AE & G Angle Am Angle Am Angle Am Oeld Angle Am Oeld Angle Am Oeld Curie Finance OR Beers Orlefonteln F5 Coduld Gold Fields SA OCBS	3.88 6.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 7.20 4.38 Prico Rand 7.05 11.8 7.60 8.35 8.10 2.45 8.10 2.45 8.15 8.15 8.15 8.15 8.15 8.15 8.15 8.1	+0.10 -0.02 +0.02 +0.03 +0.07 +0.07 +0.02 +0.02 +0.02 +0.03 +0.02 +0.04 +0.05 +0.06 +0.06 +0.06 +0.06 +0.06 +0.06 +0.06 +0.06 +0.07
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Royal Senk 2 Royal Frustco A 5 Seagram 5 Seagram 5 Steol of Cen A 9 feck 8 6 Texseo Conada 2 Thomson Howe A Tronnto Dom 8k. 2 TronsCan Pipe 2 Trans Mnth. III A Utc. 81500 Mines q Walker (H) Res 1 Westcoat Trans 1	5.50 61s 121s	2,50 1214 3418 2113 141 514 157 2034 2458 2076 2778 4,25 1634 1936	Michen By Mother	1,230 811 714 50.1 179 185,2 146 328 980 291,2 532 803 240 Price Dm. 43 478 478 478 478 478 478 478 478 478 478	+8 +0.1 +0.1 +0.1 +1.2 +3.5 +5 +5 +45 +45 +45 +45 +45 +45 +45 +45	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval Astra Astra Astra Copoo Boliden Cellulosa Electrolux B Electrolux B Ericsson Essejte(Free) Mo och Dem Saab-Skania Sandvik(Free) Zkandia Skan Enskilida	110.5 121 137.5 49.5 345 399 222.6 Price Kroner 194 210 162 368 106 209 223 95.6 128 138 1128 1128 1128 1128 1128 1128 1	+ er -1 + 3 + 1 -1 -1 + 1,0 + 4 + 9 -1	Cheung Kong Cosme Prop. Cosme Prop. Cross Nerbour Hang Seng Barik HK Electric HK Kowloon Wh. HK Shanghi Bk HK Telephene HK Handhis Wpa Jardine Math G'seas Trust 6k SHK Props Wheel'k Martic World Int. Hidgs JAPAN May 1 Alinometo Amada Assahl Class Bridgestono Granen	H.K.\$ 17.25 17.25 10.5 91 6.05 5.45 7.50 11.5 98.2 16.8 18.8 4.5 6.05 7.36 6.45 9.27 Price Yen 854 564 680 443 761	-0.1 -0.65 +0.75 -0.9 +0.2 -0.9 +0.2 -0.1 +0.20 -0.1 +0.20 -0.5 +0.20 -0.0	Cold Storage OBS Praser & Neave Haw Par Malay Brew OCBO Straits Trg JOB SOUTH AFRIC May 5 Abercom AE & Gl Angle Am Oold Angle Am Prop Barlow Rand Buffels CNA Invest Currie Finance Orlefontein F5 Coduid Gold Fields SA Highyeid Steel Highyeid Steel	3.88 6.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 4.38 Prico Rand 7.05 11.8 75.05 8.35 3.4 8.10 2.45 8.35 3.4 8.10 2.45 8.35	+0.10 -0.02 -0.02 +0.01 -0.86 -0.1 -0.07 +0.02 +0.02 +0.02 +0.02 +0.02 +0.03 +0.04 +0.05 +0.19 +0.86 +0.86
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Frustco A 5 Seapram 5 Se	5.50 61s 121s 121s 113s 113s 113s 1514 1551 171s 1	2.50 659 1214 2113 145 614 614 617 2034 659 2453 2716 4.26 11336 3634	Michen Mothersey Moutinex Oornot Ricard Oerrier Peugeot-S.A. Poolsin Radietech Redeute Roussel-Uclef Skis Rossignel Telemech Elect Valeo May 5 AEG-Telef Allianz Vora BASF BAYER BAYER BAYER BHF-Bank SMW Brown Boveri Commerzbank Commerzbank Commerzbank Commerzbank Commerzbank Commerzbank Commerzbank Commerzbank Comti Gummi	1,230 811 714 50,11 179 185,2 146 328 980 291,25 532 240 Price Dm. 43 475 125,5 212 284 225,1 1205 148,5 66,2	+8 +0.1 +0.1 +0.1 +0.1 +1.2 +3.5 +5 +4.5 +4.5 +4.5 +4.5 +4.5 +4.6 +4.6 +4.6 +4.6 +4.6 +4.6 +4.6 +4.6	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval AsEA Asfra-Copoo Boliden Cellulose Electrolux B Erlusson Esselte(Free) Mo och Dom Saab-Skenia Sandvik(Free) Standia Skan Enskilda SKF B St Kopporhers	110.5 121 137.5 49.5 345 399 222.6 Price Kroner 194 210 162 209 225.6 128 1128 1128 1128 1128 1128 1128 1128	+ er -1 +3 +1 0 +4 9 -1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1	Cheung Kong Cosme Prop. Cosme Prop. Cross Nerbour Hang Senz Barik HK Electric HK Kowloon Wh. HK Shanghi Bk. HK Telephene HK Handhin Wal. Jardine Math. Hew Werld Dev O'seas Trust 8k SHK Prop Swira Pac A Wheel'k Martti-e World Int. Hidgs JAPAN May 1 Alinomete Asashi Class Bridgestono Canan Canan Citizah	H.K.\$ 17.2 1.55 91 6.05 5.45 011.5 98.2 16.8 18.8 4.5 6.05 7.36 6.45 9.27 Price Yen 854 564 564 564 564 564 564 564 564 564 5	-0.1 -0.65 +0.75 -0.9 +0.8 -0.95 -0.95 -0.95 -0.95 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 -0.	Cold Storage OBS Praser & Neave Haw Par Haw Par Incheape Bhd Maiay Banking Malay Brew OGBC Jima Darby Straits Trg JOB SOUTH APRIC May 5 Abercom AE & Cl Angle Am Anzlo Am Oold Anzlo Am Orop Barlow Rand Suffels CNA Invest Curris Finance Os Beers Oriofontein Fo Coddiffelds SA Highveld Steel Highveld Steel Highveld Kloof Kloof Highveld Kloof Kloof Highveld Kloof Kloof Highveld Kloof Highveld Kloof Highveld Kloof Highveld Kloof Highveld Kloof Highveld H	3.88 6.45 3.00 6.30 6.30 6.30 6.30 6.30 4.39 9.69 4.38 A Prico Rand 7.05 11.8 7.05 11.8 7.05 11.8 7.05 8.35 3.4 8.10 2.45 8.10 2.45 8.35 8.10 2.45 8.10 2.45 8.10 8.10 8.10 8.10 8.10 8.10 8.10 8.10	+0.16 -0.02 +0.01 -0.05 -0.1 -0.07 +0.02 -0.1 +0.02 -0.15 +0.18 +0.16 -0.16 -0.16 -0.16 -0.18
Ranger IIII Reed Stenhs A 1 Rie Algom 2 ReyalTrusteo A 3 Seagram 5 Seagram 5 Shell can Oil 1 Steol of Cen A 9 Texaco Conada 2 Thomson Hows A 2 Trans Moth. III A IV. 8 Walker (H) Res 1 Weston (Geo) 3 AUSTRIA May 3 Pr	5.50 61s 121s	2.50 659 1214 2113 145 614 614 617 2034 659 2453 2716 4.26 11336 3634	Meet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsin Radiotech Roussel-Uclef Skis Rossignol. Telemech Elect Valeo. May 5 AEG-Telef. Allianz Vors. BAYER. BAYER. BAYER. BAYER. BHF-Bank ShW Brown Eover! Commerzbank Conti Cummi Oelmier Benz. Oegusse.	1,230 811 714,1 580,1 1179 183,2 146 328 280 291,2 532 240 Prico Dm. 43 475 134,9 125,5 284 295,1 148,5 148,	8 +0.11 +0.41 +1.55 +1.5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Astre Celulosa Electrolux B Ericsson Esselte(Free) Fagersta Fortle (Free) Mo och Dom Saab-Skania Sandvik(Free) Skan Eneklida SKF B SK F B St Kopperberg Svedish Match.	110,5 121 137,5 49,5 349,5 399 292,6 Kroner 194 210 162 368 106 209 195,6 128 117 128 117 128 128 128 128 128 127 310 208 209 209 209 209 209 209 209 209 209 209	+ er -1 +8 +1 -1 -1 +1,0 +4 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1	Cheung Kong Cosme Prop Cosme Prop Cosme Prop Cross Nerbour Hang Seng Bark HK Electric HK Kowloon Wh. HK Land HK Ghanghi Bk HK Telephene Jardine Math SHK Props Swire Pag A Wheel'k Martide World Int. Hidgs. JAPAN May 1 Alinomete Amada Assahi Class Bridgestene Canen Canen Canen Catizeh Dai Nippen Pag DKBO Dai Nippen Pag	H.K.\$ 17.2 1.55 91 6.05 91 6.05 7.66 11.8 98.2 16.8 18.8 4.5 6.05 7.36 6.11,5 6.45 6.11 9.27 Price Yen 854 564 584 584 584 584 586	-0.1 -0.65 +0.75 -0.9 +0.8 -0.95 -0.95 -0.95 -0.95 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 -0.	Cold Storage OBS Praser & Neave Haw Par Haw Par Inchespe Bhd Maisy Banking Maisy Brew OCBC SMay Frew OCBC May 5 SCUTH APRIC May 5 Abercom AE & GI Angle Am Ocid Angle Am Ocid Angle Am Ocid Angle Am Ocid Cold Fields SA Urris Finance Oc Beers Oriofontein FS Coduid Gold Fields SA Highyeld Steel Hulotts Kloof Nedbank	3.88 8.15 3.00 6.30 6.30 6.30 6.30 6.30 6.30 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.4 8.35 8.35 8.35 8.35 8.35 8.35 8.35 8.35	+0.10 -0.02 +0.02 +0.03 -0.15 -0.17 +0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.03
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Frustee A 2 Reyal Trustee A 3 Sceptre Rs 2 Shell can Oil 1 Feck 8 Texaco Conada 2 Thomsen Hows A 2 Trons Con Rh 2 Trens Mntn. III A III A 1 Weston (Geo) 3 AUSTRIA May 5 Pr	61s 21s	2.50 654 1214 5418 2114 664 17 2034 656 2458 2718 4.264 1634 1634 1388 3654	Michen Met Hennesey Mouthers Moet Hennesey Moutinex Oornod Ricard Oerrier Peugeot S.A. Poolsin Redoute Redoute Redoute Redoute Skis Rossignel Taiamech Elect Valeo. May 3 AEG-Telef Allianz Vors. BAYER. Commerzbank Commerzbank Conti Cummi Oegmier Benz Oegmiss Oogmeg D'sche Baboook Joseph Moutine Benz Oegmiss Oogmeg D'sche Baboook Joseph Moutine Baboook Joseph Metal Richard Commerzbank Commerzbank Commerzbank Oegmiss Oogmeg D'sche Baboook Joseph Metal Richard Me	1,230 811 714 50,11 179 185,2 146 328 980 291,2 532 284 291,2 25 125,5 240 212,5 212 284 225,1 1205 1148,5 66,2 286,6 197,5	+0.1 +0.1 +0.4 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 3 AGA Alfa-Laval ASEA Astre Atlas Copoo Boliden Cellulosa Electrolux B Erricsson Esseite(Free) Mo och Dom Saab-Skania Skandik(Free)	110,5 121,5 149,5 349,5 349,5 399,282,6 Frice Kroner 194,210,6 210,6 202,3 136,8 136,8 136,8 137,1 140,0 140	+ er -1 +8 +1 -1 -1 +1,0 +4 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1	Cheung Kong Cosme Prop Cosme Prop Cosme Prop Hang Seng Bank HK Electric HK Kewioon Wh. HK Gestric HK Kowloon Wh. HK Shanghi Sk HK Telephene Jardine Math. Hew Warid Dev O'seas Trust 6k SHK Props Swire Pag A Wheel'k Mard A. Wheel'k Mard Tille World Int. Hidgs. JAPAN May 1 Ajinomete Assahi Class Bridgestone Canan Canan Catizah Osiei DKBO Dai Nippon Ptg Daiwa Belizo Bridwa House Daiwa Selizo	H.K.\$ 17.2 1.55 10.5 91 6.05 5.45 7.66 11.8 98.2 16.8 4.5 6.05 7.36 11.5 9.27 Price Yen 854 564 680 443 761 9.27	-0.1 -0.65 +0.75 +0.75 -0.9 +0.2 -0.1 +0.20 -0.1 +0.20 -0.5 +0.20 -0.5 +0.20 -0.5 +0.20 -0.5 +0.20 -0.5 +0.20 -0.5 +0.20 -0.5 -0.5 +0.20 +0.20 +0.	Cold Storage OBS Praser & Neave Haw Par Malay Brew OCBC Straits Trg JOB SOUTH AFRIC May 5 Abercom AE & Gl Angle Am Oold Angle Am Oold Angle Am Oold Angle Am Prop Barlow Rand Buffels CNA Invest Currie Finance Orlefontein F5 Coduld Gold Fields SA Highyeld Steel Hulotts Kloof Nedbank Kloof Nedbank Kloof Nedbank Kloof KB Baznara Prota Hidgs Rembrant	3.88 6.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 4.39 9.60 4.38 7.05 11.8 7.05 11.8 7.05 8.35 8.10 2.45 8.35 6.10 17 2.65 8.35 6.50 6.50 6.50 6.50 6.50 6.50 6.50 6.5	+0.10 -0.02 +0.02 +0.03 -0.15 -0.17 +0.02 +0.02 +0.03 +0.18 -0.18 -0.18 -0.19 +0.65 -0.18 -0.19
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Royal Benk 2 Royal Benk 2 Royal Frusteo A 3 Sceptre Res 5 Sagram 5 Shell can Oil 1 Texaco Conada 2 Thomson Howe A 2 Tronston Howe A 2 Tronston Howe A 3 Tronston Howe A 1 Trens Mntn. III A Utc. Bisco Mines 4 Walker (H) Res 1 Weston (Geo) 3 AUSTRIA May 3 Pri Greditanstalt 2 Landorbank 3 Greditanstalt 3 Landorbank 3 Greditanstalt 3 Landorbank 3 Frimcoser 3 Greditanstalt 3 Landorbank 3 Frimcoser 3 Greditanstalt 3 Landorbank 3 Frimcoser 3 Frimcoser 3 Frimcoser 3 III	50 61s 121s 121s 121s 121s 121s 121s 121s	2,50 659 1214 2413 2113 145 17 2054 669 2453 27 2159 4,26 1613 1633 3634	Michen Mothers Mouthers Mouthers Mouthers Mouthers Mouthers Mouthers Mouthers Mouthers Mouthers Mousel-Vele May 5 GERMANY May 5 AEG-Telef	1,230 811 714,1 50,1 1172 1185,2 1146 328 980 291,25 532 240 Prico Dm. 43 475 125,5 212 284 295,1 148,5 148,	+0.1 +0.1 +0.1 +0.1 +1.2 +3.5 +5 +4.5 +4.5 +4.5 +4.0 +4.0 +4.0 +4.0 +4.0 +4.0 +4.0 +4.0	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Astre Celulosa Electrolux B Ericsson Esselte(Free) Fagersta Fortle (Free) Mo och Dom Saab-Skania Sandvik(Free) Skan Eneklida SKF B SK F B St Kopperberg Svedish Match.	110,5 121 137,5 49,5 349,5 399 292,6 Kroner 194 210 162 368 106 209 195,6 128 117 128 117 128 128 128 128 128 127 310 208 209 209 209 209 209 209 209 209 209 209	+ or -1 +8 +1 -1 -1 +1,0 +4 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1	Cheung Kong Cosme Prop Cosme Prop Cosme Prop Hang Seng Bank HK Electric HK Kowloon Wh. HK Gestric HK Kowloon Wh. HK Shanghi Sk HK Telephene Jardine Math. Hew Warid Dev O'seas Trust 6k., SHK Props Swire Pag A Wheel'k Mard A. Wheel'k Mard A. Wheel'k Mard Tile World Int. Hidgs. JAPAN May 1 Ajinomete Assahi Class Bridgestone Canan Gittzeh Osiei DKBO Dai Nippon Ptg Daiwa Selko Ebara	H.K.\$ 17.2 1.55 10.5 91 6.05 5.45 7.56 11.8 98.2 16.8 18.8 4.5 6.05 7.36 11.5 6.45 6.1 9.27 Price Yen 864 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 640 640 640 640 640 640 640 640 6	-0.1 -0.65 +0.75 +0.75 -0.9 +0.8 +0.95 -0.95 -0.95 -0.95 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 -0.95 +0.20 +0.	Cold Storage ODBS Praser & Neave Haw Par Incheape Bhd Maiay Banking Maiay Brew ODBC SOUTH APRIC May 5 Abercom AE & GI Angle Am Oold Angle A	3.88 8.15 8.45 8.218 8.20 12.4 9.29 9.60 4.38 7.08 11.8 7.08 11.8 7.08 11.8 7.08 12.65 8.1 23.75 24.6 1.50 4.65 9.66 4.10 4.05 2.6	+0.16 -0.62 +0.01 -0.55 -0.11 -0.55 -0.11 +0.95 -0.15 +0.96 -0.16 +0.96 -0.16 +0.96 -0.16 +0.96 -0.16
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Senk 2 Reyal Trustco A 3 Sceptre Res 5 Steol of Cen A 9 feck 8 6 Texseo Conada 2 Thomson Howa A ? 7 Toronto Dom 8k 2 Trans Mnth. III A Utc. 8150 Mines 1 Westoat Trans 16 Westoat Trans 16 Weston (Geo) 36 AUSTRIA May 3 9 Greditanstait 2 Landorbank 12 Landorbank 12 Semperit 36 Steyr Ogimior 11	50 61s 121s 121s 131s 131s 131s 131s 131s 13	2.50 654 1216 5416 2112 14 661 17 2014 668 2458 2776 278 4.26 11634 11934 3564	Michen Michensey Mouthers Moet Hennesey Mouthers Mouthers Mouthers Mouthers Mouthers Miches M	1,230 811 714, 1 380,11 179 185,2 146 328 980 291,28 532 240 291,28 532 240 251,12 264,6 125,5 195,1 148,5 1	+0.1 +0.1 +0.1 +1.2 +3.5 +5 +4 -1.5 +4 -1.5 +0.4 +0.4 +0.4 +0.4 +0.4 +0.4 +0.4 +0.4	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Astre Celulosa Electrolux B Ericsson Esselte(Free) Fagersta Fortle (Free) Mo och Dom Saab-Skania Sandvik(Free) Skan Eneklida SKF B SK F B St Kopperberg Svedish Match.	110.5 121 137.5 49.5 349.5 399 222.6 Kronar 194 210 162 202 358 106 202 136 138 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 128 139 149 159 169 179 189 189 189 189 189 189 189 189 189 18	+ or -1 +8 +1 -1 -1 +1,0 +4 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1	Cheung Kong Cosme Prop Cosme Prop Cosme Prop Hang Seng Bank HK Electric HK Kowloon Wh. HK Gestric HK Kowloon Wh. HK Shanghi Sk HK Telephene Jardine Math. Hew Warid Dev O'seas Trust 6k., SHK Props Swire Pag A Wheel'k Mard A. Wheel'k Mard A. Wheel'k Mard Tile World Int. Hidgs. JAPAN May 1 Ajinomete Assahi Class Bridgestone Canan Gittzeh Osiei DKBO Dai Nippon Ptg Daiwa Selko Ebara	H.K.\$ 17.2 1.55 10.5 91 6.05 5.45 7.56 11.8 98.2 16.8 18.8 4.5 6.05 7.36 11.5 6.45 6.1 9.27 Price Yen 864 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 640 640 640 640 640 640 640 640 6	-0.1 -0.65 +0.15 -0.9 +0.2 -0.9 +0.2 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.5 +1 +3 +3 +5 +5 +5 +5 -20 -20 +5 +5 +5 +5 +5 +5 +5 +5 +5 +5 +5 +5 +5	Cold Storage OBS Praser & Neave Haw Par Haw Par Hawlar Haw	3.88 8.15 3.00 18.4 9.29 4.38 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 23.75 24.55 4.10 2.65 8.10 2.65 8.10 2.65 4.10 12.65 4.10 4.10 4.10 4.10 4.10 4.10 4.10 4.10	+0.10 -0.02 -0.02 +0.01 -0.05 -0.11 -0.07 +0.02 -0.11 +0.02 -0.15 -0.16 +0.19 -0.66 -0.18 -0.19 -0.50 -0.19
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Frustco A 5 Scaptre Rss 5 Stagram 5 Steol of Cen A 9 Feck 8 7 Texaco Conada 2 Thomson Howa A 2 Tronsto Dom 8k 2 Trans Math. III A Utc. 8150 Mines walker (H) Res 16 Weston (Geo) 36 AUSTRIA May 3 Pr Landorbank 2 Landorbank 2 Landorbank 2 Semperit 35 Semperit 35 Semperit 35 Steyr Oalmior 11	50 61s 121s 121s 131s 131s 131s 131s 131s 13	2.50 654 1216 5416 2113 14 661 17 2014 666 2458 2776 4.26 1634 1934 3564	Meet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsain Radietech Redoute Redoute Skis Rossignel Talamech Elect Valeo GERMANY May 5 AEG-Telef Allianz Vors BAYER BOWN BOVER! Committee Benz Oegussa Oegussa Oegussa Oegussa Oresdner Bank Oresdner Bank Oresdner Bank OHH Hapag Lieyd Heoodist	1,230 811 714,1 50,1 1179 1185,2 146 328 980 291,25 532 240 Prico Dm. 43 475 125,5 212 284 295,1 148,5 212 284 125,5 212 284 148,5 1	+8 +0.1 +0.1 +0.1 +1.2 +3.5 +5 +6.5 +6.5 +0.6 -1.2 +0.6 +0.6 +0.6 +0.6 +0.6 +0.6 +0.6 +0.6	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval Astra Astra Astra Astra Cellulosa Electrolux B Ericsson Esselte(Free) Fagersta Fortle (Free) Mo och Dom Saab-Skania Sandvik(Free) Skan Eneklida	110,5 121 137,5 49,5 349,5 399 292,6 Kroner 194 210 162 203 95,6 128 130 128 137 440 203 127 440 203 128 137 440 203 213 213 213 213 213 213 213 213 213 21	+ or -1 +8 +1 -1 -1 +1,0 +4 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1	Cheung Kong Cosme Prop Cosme Prop Cosme Prop Hang Seng Bank HK Electric HK Kowloon Wh. HK Gestric HK Kowloon Wh. HK Shanghi Sk HK Telephene Jardine Math. Hew Warid Dev O'seas Trust 6k., SHK Props Swire Pag A Wheel'k Mard A. Wheel'k Mard A. Wheel'k Mard Tile World Int. Hidgs. JAPAN May 1 Ajinomete Assahi Class Bridgestone Canan Gittzeh Osiei DKBO Dai Nippon Ptg Daiwa Selko Ebara	H.K.\$ 17.2 1.55 10.5 91 6.05 5.45 7.56 11.8 98.2 16.8 18.8 4.5 6.05 7.36 11.5 6.45 6.1 9.27 Price Yen 864 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 640 640 640 640 640 640 640 640 6	-0.1 -0.65 +0.15 -0.9 +0.8 -0.95 -0.	Cold Storage ODBS Praser & Neave Haw Par Haw Par Incheape Bhd Maiay Banking Maiay Brew OCBC SOUTH APRIC May 5 Abercom AE & Cl Angle Am Anzlo Am Oold Anzlo Am Orop Barlow Rand Buffels CNA Invest Curris Finance Curris Finance Curris Finance Curris Finance Curris Finance Highvets Kloof Rodd Fields SA Highvets Kloof Rodd Fields SA Hulotta Kloof Rodbank IK Beznars Protea Hidgs Rembrant Reenles Rest Plat Sage Hidgs SA Brewa Type Coats Unisse	3.88 8.15 3.00 18.49 9.29 4.38 Prico Rand 7.05 11.8 7.05 11.8 7.05 11.8 7.05 12.63 2.63 2.65 4.65 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.10 4.65 4.65 4.65 4.65 4.65 4.65 4.65 4.65	+0.16 -0.42 +0.01 -0.42 +0.01 -0.45 -0.1 -0.55 -0.15 +0.96 -0.16 +0.86 -0.16 -0.86 -0.86 -0.86
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Senk 2 Reyal Trustco A 3 Sceptre Res 5 Steol of Cen A 9 feck 8 6 Texseo Conada 2 Thomson Howa A ? 7 Toronto Dom 8k 2 Trans Mnth. III A Utc. 8150 Mines 1 Westoat Trans 16 Westoat Trans 16 Weston (Geo) 36 AUSTRIA May 3 9 Greditanstait 2 Landorbank 12 Landorbank 12 Semperit 36 Steyr Ogimior 11	50 61s 121s 121s 131s 131s 131s 131s 131s 13	2.50 654 1216 5416 2113 14 661 17 2014 666 2458 2776 4.26 1634 1934 3564	Meet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsin Radietech Redeute Research Elect Valeo GERMANY May 5 AEG-Telef Allianz Vora BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BOWN BOVER! Commorzbank Commorzbank Comti Gummi Oeimes Bover! Orenes Bover! Comti Gummi Oeimes Bover! Com	1,230 811 714 50,11 179 185,2 146 328 281,28 281,28 240 281,28 240 281,28 240 281,28 284 285,1 284 285,1 148,5 286 133,5 196,6 133,5 196,0 124,7 244,2 388	+0.1 +0.1 +0.1 +1.2 +1.5 +5 +4 -5 +4 -5 +4 -5 +4 -6.5 +4 -6.5 +4 -6.5 +6.5 +6.5 +6.5 +6.5 +6.5 +6.5 +6.5 +	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 3 AGA Alfa-Laval ASEA Asfra Asfra Astra Copoo Bolfden Collulose Electrolux B Elricsson Esseite(Free) Mo och Dom Saab-Skania Sandvik(Free) Standie Skir B eneklida SKF B St Kopperbarg Sven Handeisbn	110.5 121 137.5 49.5 349.5 399 222.6 Kronar 194 210 162 202 358 106 202 136 138 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 128 139 149 159 169 179 189 189 189 189 189 189 189 189 189 18	+ or -1 +8 +1 -1 -1 +1,0 +4 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1	Cheung Kong Cosme Prop Cosme Prop Cosme Prop Hang Seng Bank HK Electric HK Kowloon Wh. HK Gestric HK Kowloon Wh. HK Shanghi Sk HK Telephene Jardine Math. Hew Warid Dev O'seas Trust 6k., SHK Props Swire Pag A Wheel'k Mard A. Wheel'k Mard A. Wheel'k Mard Tile World Int. Hidgs. JAPAN May 1 Ajinomete Assahi Class Bridgestone Canan Gittzeh Osiei DKBO Dai Nippon Ptg Daiwa Selko Ebara	H.K.\$ 17.2 1.55 10.5 91 6.05 5.45 7.56 11.8 98.2 16.8 18.8 4.5 6.05 7.36 11.5 6.45 6.1 9.27 Price Yen 864 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 564 640 640 640 640 640 640 640 640 640 6	-0.1 -0.65 +0.15 -0.9 +0.2 -0.9 +0.2 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.5 +1 +3 +3 +5 +5 +5 +5 -20 -20 +5 +5 +5 +5 +5 +5 +5 +5 +5 +5 +5 +5 +5	Cold Storage OBS Praser & Neave Haw Par Haw Par Hawlar Haw	3.88 8.15 3.00 12.4 9.29 9.60 4.38 7.08 11.8 7.08 11.8 7.08 11.8 7.08 11.8 2.65 8.1 2.45 8.1 2.75 2.65 4.61 4.05 4.61 4.61 4.61 4.61 4.61 4.61 4.61 4.61	+0.10 -0.02 +0.02 +0.05 -0.11 -0.07 +0.02 +0.02 +0.02 +0.02 +0.02 +0.03 +0.03 +0.04 +0.05
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Senk 2 Reyal Trustco A 3 Sceptre Res 5 Steol of Cen A 9 feck 8 6 Texseo Conada 2 Thomson Howa A ? 7 Toronto Dom 8k 2 Trans Mnth. III A Utc. 8150 Mines 1 Westoat Trans 16 Westoat Trans 16 Weston (Geo) 36 AUSTRIA May 3 9 Greditanstait 2 Landorbank 12 Landorbank 12 Semperit 36 Steyr Ogimior 11	50 61s 121s 121s 131s 131s 131s 131s 131s 13	2.50 654 1216 5416 2113 14 661 17 2014 666 2458 2776 4.26 1634 1934 3564	Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsin Radietech Redeute Roussel-Velef Skis Rossignel Talemech Elect Valeo	1,230 811 714,1 380,1 1179 185,2 146 328 980 291,28 532 240 Price Dm. 43 476 134,9 125,5 212 284 225,1 1205 1191,5 148,5 178 198,0 1	+0.1 +0.1 +0.1 +1.2 +3.5 +5 +4 -1.5 +4 -1.5 +4 -1.5 +4 -1.5 +4 -1.5 +5 +6.5 +6.5 +6.5 +6.5 +6.5 +6.5 +6.5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval Astra Astra Astra Astra Copoo Boliden Cellulosa Electrolux B Electrolux B Electrolux B Ericsson Esselte(Free) Mo och Dem Saab-Skania Sandvik(Free) Skan Ensklida Skr B Sten Ensklida Skr B Sven Handelisbn Swedish Match Volvo(Free) SWITZERLAND May 5 Alusulose	110.5 121 137.5 49.5 345 399 222.6 Price Kroner 194 210 162 368 106 209 223 95.6 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 129 120 120 121 121 121 122 123 124 125 126 127 127 128 128 128 128 128 128 128 128 128 128	+ er -1 +45 +11 +12 +15 +2 +2 +2	Cheung Kong Cosme Prop Cosme Prop Cosme Prop Cross Nerbour Hang Seng Bank HK Electric HK Kowloon Wh. HK Gestric HK Kowloon Wh. HK Shanghi Sk HK Telephene Jardine Math Hew Warid Dev O'seas Trust 6k SHK Propa Swire Pag A Wheel'k Mard A. Wheel'k Mard A. Wheel'k Marti'e World Int. Hidgs. IAPAN May 1 Alinometo Assahi Class Bridgestono Canen Canen Calizah Oaiei DKBO DAI Nippon Ptg Dai Nippon Ptg Daiwa Feuse Elsat Fuji Film Hasegawa Helwa Ri East Hitachi Koki	H.K. \$ 17.2 1.55 10.5 91 6.05 5.45 7.66 11.8 98.2 16.8 18.8 4.5 6.05 7.36 6.11,5 6.46 9.27 Price Yen 864 564 443 761 483 761 483 761 483 761 275 511 483 323 780 480 100 000 000 000 5553 564 637	-0.1 -0.65 +0.75 +0.79 +0.20 +	Cold Storage ODBS Praser & Neave Haw Par Haw Par Hake Par	3.88 8.15 3.00 12.4 9.29 9.60 4.38 7.08 11.8 7.08 11.8 7.08 11.8 7.08 11.8 2.65 8.1 2.45 8.1 2.75 2.65 4.61 4.05 4.61 4.61 4.61 4.61 4.61 4.61 4.61 4.61	+0.10 -0.02 +0.02 +0.05 -0.11 -0.07 +0.02 +0.02 +0.02 +0.02 +0.02 +0.03 +0.03 +0.04 +0.05
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Senk 2 Reyal Trustco A 3 Sceptre Res 5 Steol of Cen A 9 feck 8 6 Texseo Conada 2 Thomson Howa A ? 7 Toronto Dom 8k 2 Trans Mnth. III A Utc. 8150 Mines 1 Westoat Trans 16 AUSTRIA May 3 7 Greditanstait 2 Landorbank 12 Landorbank 12 Semperit 15 Semperit 11 Steyr Qaimior 11	50 61s 121s 121s 131s 131s 131s 131s 131s 13	2.50 654 1214 5418 2113 14 664 2458 27 2128 4.26 1634	Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsin Radiotech Redoute Roussel-Uclef Skis Rossignel Telemech Elect Valeo	1,230 811 714,1 580,1 1172 183,2 146 328 980 291,25 532 240 Prico Dm. 475 125,5 212 284 295,1 148,5 148,5 148,5 148,5 171,5 171,5 171,5 171,5	+8 +0.1 +0.1 +4.2 +3.5 +5 +6.5 +6.5 +6.5 +6.5 +6.5 +6.5 +6.5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval Asta-Laval	110,5 121 137,5 49,5 349,5 399 292,6 Kroner 194 210 162 209,5 106 223,95,6 128 130 128 137 440 208,137 126 127 440 208,137 127 128 137 140 208,137 140 140 140 140 140 140 140 140 140 140	+ er -1 +1,0 +1,5 +2 +1,5 +2	Cheung Kong Cosme Prop Cosme Prop Cosme Prop Cross Nerbour Hang Seng Bank HK Electric HK Kowloon Wh. HK Ghanghi Sk HK Telephene Hatchison Wpa Jardine Math Hew Warld Dev O'seas Trust 6k SHK Propa Swire Pag A Wheel'k Mard A. Wheel'k Mard A. Wheel'k Mard A. Wheel'k Marth'e World Int. Hidgs JAPAN May 1 Allnomoto Amada Assahi Class Bridgestono Canan Citizeh Oaiei Dak Boolon Ptg Dalwa Selko Ebara Elset Elset Fuji Film 17 Fujisawa Fujis Film 27 Fujisawa Fujis Film 27 Fujisawa Heiwa Ri East Hitachi Hitachi Kokl	H.K.\$ 17.2 1.55 10.5 91 6.05 5.45 7.66 11.8 98.2 16.8 18.8 4.5 6.05 7.36 11.5 6.45 9.27 Price Yen 854 564 645 9.27 Price Yen 854 564 640 000 000 000 000 000 000 000 000 0	-0.1 -0.65 +0.75 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 -0.9 +0.8 +0.8 +0.8 +0.8 +0.8 +0.8 +0.8 +0.8	Cold Storage OBS Praser & Neave Haw Par Malay Brew OCBC STaits Try STraits Try JOB SOUTH AFRIC May 5 Abercom AE & GI Angle Am Ocid A	3.88 6.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 7.05 12.4 9.29 4.39 4.39 4.39 4.39 4.39 4.39 4.39 4.3	+0.10 -0.02 +0.02 +0.05 -0.11 -0.07 +0.02 +0.02 +0.02 +0.02 +0.02 +0.03 +0.03 +0.04 +0.05 -0.15 +0.05
Ranger III Reed Stenhs A Rie Algom Royal Benk Reyal Trustco A Sceptre Rss Stagram Sheli can Oil Steol of Cen A Feck 8 Texaco Conada Thomson Howa A ?. Tronsto Dom 8k .? Tronsto Dom 8k .? Tronsto Mines Walter (H) Res Walter (H) Res Weston (Geo) AUSTRIA May 3 Perimocser Semperit Steyr Oalmior Steyr Oalmior Steyr Oalmior Steyr Oalmior Steyr Oalmior Veitscher Mag: 11	61s 121s 121	2.50 654 1214 5418 2113 14 664 2458 27 2128 4.26 1634	Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsin Radiotech Redoute Roussel-Uclef Skis Rossignel Telemech Elect Valeo	1,230 811 714,1 380,1 1179 185,2 146 328 980 291,2 532 240 291,2 532 240 291,2 532 240 291,2 532 240 291,2 532 240 291,2 532 240 291,2 532 240 291,2 532 291,2 542 291	+0.1.1	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval AsEA Astra Astra Astra Cellulosa Electrolux B Ericsson Esselte(Free) Fagersta Fortle (Free) Sandvik(Free) Skandie Skan Eneklida	110,5 121 137,5 49,5 349,5 399,5 292,6 Kroner 194,2 210 162,2 210 128,1 130 128,1 137,1 128,1 137,1 140,2 137,1 140,2 139,1 140,2 14	+ er -1 +3 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1	Cheung Kong Cosme Prop Cosme Prop Cosme Prop Cross Nerbour Hang Senz Barik HK Electric HK Kowloon Wh. HK Bhanghi Bk. HK Telephene HK Senzine Math. Jardine Math. Jardine Math. Hew Werld Dev O'seas Trust 8k SHK Props Swire Pag A Wheel'k Marticle World Int. Hidgs. JAPAN May 1 Alinomoto Amada Asashi Class Bridgestono Canen Gitizeh Oaiei Daiw Rippon Ptg Dalwa Heuse Dalwa Heuse Dalwa Heuse Dalwa Heuse Elsat Fuji Figm Fuji Sank Fuji Figm Fuji Figm Fuji Figm Fuji Fanto Fuji Fanto Fuji Figm Hitachi Kokl Heousefood Heousefood Hitachi Kokl Heousefood Housefood Ithenia	H.K.\$ 17.25 17.25 10.5 91 6.05 5.45 7.56 11.8 98.2 16.8 18.8 4.5 6.05 7.36 6.46 9.27 Price Yen 854 564 680 443 761 9.27 854 561 9.27 854 686 328 328 328 328 328 328 328 328 328 328	-0.1 -0.65 +0.75 +0.75 -0.9 +0.8 -0.9 +0.8 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85 -0.1 +0.85	Cold Storage OBS Praser & Neave Haw Par Malay Brew OCBC STaits Try STraits Try JOB SOUTH AFRIC May 5 Abercom AE & GI Angle Am Ocid A	3.85 8.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 7.05 11.4 9.29 6.30 11.4 9.20 4.38 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 4.55 8.1 2.75 2.65 6.10 17 2.65 4.10 4.05 4.6 4.6 4.6 4.6 4.6 4.6 4.6 4.6 4.6 4.6	+0.10 -0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.03 +0.04 +0.05 +0.06
Ranger III Reed Stenhs A 1 Rie Algom 2 Reyal Senk 2 Reyal Trustee A 3 Sceptre Res 5 Steel can Oil 5 Steel can Oil 5 Steel can Oil 5 Feck 8 6 Texsee Conada 2 Thomson Howe A 2 Tronston Howe A 2 Tronston Howe A 2 Trans Mntn. III A 1 Walker (H) Res 1 Westeed Trans 1 Westeed Trans 3 Walker (H) Res 1 Westeed Trans 3 Greditanstalt 2 Landerbank 1 Perimeeser 3 Semperit 3 Steyr Ogimior 1 Veitscher Mag: 1 Veitscher Mag: 1	50 614 1216 1216 1216 1216 1216 1216 1216	2.50 654 1214 5418 2114 664 17 2034 656 2458 2078 4.264 1338 3654 1338 3654	Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsin Radietech Redeute Redeute Research Elect Valeo GERMANY May 5 AEG-Telef Allianz Vora BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BOWN BOVER! Committe Gent Gummi Oalmier Benz Oegussa Oemeg D'sche Babcook Deutscho Bank OHH Hepsan Lioyd Heochat Heochat Heochat Heochat Heizmann (P) Heizmann (P) Heizmann (P) Heizmann (P) Heizmann (P) Heizmann (P) Kali und Salz Kaufhof Kho	1,230 811 714 50,11 179 185,2 146 328 281,28 281,28 284 295,1 284 295,1 148,5 284 295,1 148,5 286 133,5 197,5 116,5 177,8 187,9 174,8 175,8 177,8 174,8 175,8 177,8 174,8 175,8 175,8 177,8 177,8 174,8 175,	+0.1 +0.1 +0.1 +0.1 +1.2 +1.3 +1.4 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 3 AGA Alfa-Laval AsEA Asfa-Laval AseA AseA AseA AseA AseA AseA AseA Ase	110.5 121 137.5 345 345 345 329 222.6 Price Kroner 1910 162 235 95.6 128 130 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 129 120 120 120 120 120 120 120 120 120 120	+ er -1 + *** + *** + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1	Cheung Kong Cosme Prop. Cosme Prop. Cross Nerbour Hang Sen 2 Barik HK Electric HK Kowloon Wh. HK Shanghi Bk. HK Telephene HK Hand HK Shanghi Bk. HK Telephene Jardine Math C'seas Trust Sk. SHK Propa SHK Propa SHK Propa SHK Mard A. Wheel'k Mard A. Wheel'k Mard A. Wheel'k Marthie World Int. Hidgs. JAPAN May 1 Alinometo Amada Assahl Class Bridgestono Canen Citizeh Osiei Daiw Heuse Daiwa Heuse Daiwa Selko Ebara Ebara Elsa L. Fuji Bank Fuji Film Fujisawa Fuji Film Fujisawa Fujisawa Fujisawa Hewa Ri East Hitachi Koki Heusefood Heusefood Heys Ri East Hitachi Koki Heusefood Housefood Ito-Vokedo	H.K.\$ 17.25 17.25 10.5 91 6.05 5.45 7.50 11.5 92.2 16.8 18.8 4.5 6.05 7.15 6.46 9.27 Price Yen 854 564 564 564 564 680 443 775 511 483 666 405 388 3780 500 500 500 500 500 500 500 500 500 5	-0.1 -0.65 +0.75 +0.75 +0.29 +0.20 +0.51 +	Cold Storage OBS Praser & Neave Haw Par Haw Par Incheape Bhd Maiay Banking Maiay Banking Malay Brew OCBC Jima Darby Straits Trg JOB SOUTH APRIC May 5 Aberoom AE & Cl. Angle Am Oold Angle Am Prop Barlow Rand Suffels CNA Invest Currie Finance Ourrie Finance Currie Finance Currie Finance Currie Finance Highveid Steel Hulotts Kloof Rembrant Reenles Rembrant Resenles Rambrant Sage Hidge SA Brewa Toger Oats Unisec Financial Ran (Discount o BRAZIL May 5	3.88 6.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 7.05 11.4 9.29 6.30 7.05 11.B 7.05 11.B 7.05 11.B 7.05 11.B 7.05 4.55 8.35 8.45 8.45 8.45 8.45 8.45 8.45 8.45 8.4	+0.10 -0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.02 +0.03 +0.04 +0.05 +0.06
Ranger III Reed Stenhs A 1 Rie Algom 2 Reyal Senk 2 Reyal Trustee A 3 Sceptre Res 5 Steel can Oil 5 Steel can Oil 5 Steel can Oil 5 Feck 8 6 Texsee Conada 2 Thomson Howe A 2 Tronston Howe A 2 Tronston Howe A 2 Trans Mntn. III A 1 Walker (H) Res 1 Westeed Trans 1 Westeed Trans 3 Walker (H) Res 1 Westeed Trans 3 Greditanstalt 2 Landerbank 1 Perimeeser 3 Semperit 3 Steyr Ogimior 1 Veitscher Mag: 1 Veitscher Mag: 1	50 61s 121s 121s 121s 131s 131s 131s 131s 13	2.50 654 1214 5414 2114 664 2458 2014 666 2458 2715 4.264 1634 16	Michen Mother Moulinex Mouther Moulinex Oornod Reard Oornod Reard Oornod Reard Oornod Reard Reducte Roussel-Volef Skis Rassignel Telemech Elect Valeo May 5 AEG-Telef Allianz Vors BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BOWN BOVET Common Bovet Oerside Baboook Deutscho Bank Du Schult Oresdner Bank OHH Hebookst Heosch Helzmann (P) Herton Kafi und Salz Kaufhof KHD Karshadt Kaufhof KHD Krupp Linde	1,230 811 714,1 380,11 179,1 146 328 281,24 532 803 240 291,24 532 240 291,24 532 240 291,24 532 240 291,24 125,5	+0.1 +0.1 +0.1 +1.2 +1.3 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA AIGA AIGA-Laval ASEA ASEA ASEA ASEA ASEA ASEA ASEA ASE	110.5 121 137.5 349.5 349.5 399.2 222.6 Price Kroner 194 210 162.2 23.5 128.1	+ er -1 + *** + *** + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1	Cheung Kong Cosme Prop. Cosme Prop. Cosme Prop. Cosme Prop. Cross Nerbour. Hang Seng Bank HK Electric. HK Kowloon Wh. HK Land HK Ghanghi Sk. HK Telephene. Hutchison Wpa. Jardine Math Hew Warid Dev. O'seas Trust 6k. SHK Propa. Swire Pag A. Wheel'k Mard A. Wheel'k Mard A. Wheel'k Marti'e World Int. Hidgs. JAPAN May 1 Ajinomoto. Amada Assahi Class. Bridgestono. Canen. Citizeh Oaiei DKBO Dai Nippon Ptg Daiwa House Daiwa House Daiwa Felia Elsat Fuji Bank Fuji Fi(m 15 Fuji Bank Heuse 15 Fuji Bank Helwa Ri East Hitachi Hitachi Koki Honda Housefood 1 Hoya 160 Ico-Vokado 1 IACOS JACOS	H.K.\$ 17.25 17.25 10.5 91 6.05 5.45 7.50 11.5 92.2 16.8 18.8 4.5 6.05 7.15 6.46 9.27 Price Yen 854 564 564 564 564 680 443 775 511 483 666 405 388 3780 500 500 500 500 500 500 500 500 500 5	-0.1 -0.65 +0.16 -0.9 +0.20 -0.9 +0.20 -0.10 +0.20 -0.10 +0.20 -0.10 +0.20 -0.10 +0.20 -0.10 +0.20 -0.10 +0.20 -0.10 +0.20 -0.10 +0.20 -0.10 +0.20 -0.10 +0.20 -0.10 +0.20 +0.	Cold Storage Cold Storage Cold Storage Praser & Neave Haw Par	3.88 8.15 3.00 18.45 9.29 4.38 9.60 4.38 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 11.8 7.05 4.30 4.38 8.35 54 6.10 12.65 8.35 6.10 17.65 8.35 8.10 17.65 8.35 8.35 8.35 8.35 8.35 8.35 8.35 8.3	+0.16 -0.07 +0.07 +0.07 +0.08 -0.11 -0.07 +0.09 +0.09 +0.09 +0.09 -0.18 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 -0.19 +0.08 -0.19
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Frustce A 1 Sceptre Res 5 Sagram 5 Steel of Cen A 9 Feck 8 7 Texaco Conada 1 Toronto Dom 8k 2 Trens Mann III A Utc. 8 seo Mines 1 Westcoat Trans III Weston (Geo) 36 AUSTRIA May 5 Pr Greditanstait 2 Landerbank 1 Landerbank 1 Semperit 3 Semperit 1 Steyr Oalmier 1	614 1214 1224 1234 1334 1334 1334 1334 13	2.50 654 1214 5414 2114 664 2458 2014 666 2458 2715 4.264 1634 16	Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolain Radietech Redeute Roussel-Uclef Skis Rossignel Talemech Elect Valeo May 5 AEG-Telef Adillanz Vors BASF BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BOWN BOWN BOWN BOWN BOWN BOWN BOWN BOWN	1,230 811 714,1 380,11 179,1 146 328 281,24 532 284 291,24 532 240 291,24 532 240 291,24 532 240 291,24 134,9 125,5 212,284 125,5 212,284 125,5 127,5 148,5 171,5	+0.1 +0.1 +0.1 +0.1 +1.2 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5 +1.5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Asfra-Laval ASEA Asfra-Copoo Bolicien Cellulosa Electrolux B Erlusson Esselte(Free) Mo och Dom Saab-Skenia Sanbrik(Free) Skan Enskilda SKF B Stan Enskilda	110.5 121 137.5 345.3 399.2 222.6 Price Kroner 194 208 108 209 223.6 128 1126 1127 140 208 128 1127 140 128 1127 140 128 1128 1128 1128 1128 1128 1128 1128	+ er -1 +8 +1 -1 -1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +	Cheung Kong	H.K. \$ 17.25 17.25 10.5 91 6.05 5.45 7.60 11.8 98.2 16.8 4.5 6.05 7.36 11.5 5.46 6.05 7.36 6.05 6.05 6.05 6.05 6.05 6.05 6.05 6.0	-0.1 -0.65 +0.15 -0.9 +0.2 +0.2 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.1 +0.20 -0.20	Cold Storage Cold Storage Cold Storage Praser & Neave Haw Par Incheape Bhd Maiay Banking Maiay Brew COBC Sold Straits Trg UOB SOUTH APRIC May 5 Abercom AE & GI Angle Am Oold Angle Am Oold Angle Am Oold Angle Am Oold Cold Flace Curris Finance Curris Finance Cold Flace Cold Flace Highred Steel Hulotts Kloof Highred Steel Hulotts Kloof Rembrant Reenles Rembrant Reenles Rust Plat Sage Hidge Sa Brew Togar Cats Unisec Financial Ran (Discount of BRAZIL May 5 Accelta Benco Brasil Belgo Min Lojas Amer Petrobras PP Petrobras PP Petrobras PP	3.88 8.15 3.00 18.49 9.29 4.38 8.40 9.29 9.60 4.38 7.05 11.0 7.05 11.0 7.05 11.0 2.65 8.35 54 10 2.65 8.35 54 10 2.65 8.35 8.35 10 10 10 10 10 10 10 10 10 10 10 10 10	+0.16 -0.42 +0.42 +0.42 +0.45 -0.16 +0.45 +0.16 +0.16 +0.16 +0.18 +0.46 -0.16 +0.19 +0.46 -0.18 +0.46 -0.50 -0.18 +0.46 -0.50 -0.86
Ranger III Reed Stenhs A 1 Rie Algom 2 Reyal Senk 2 Reyal Trustee A 3 Sceptre Res 5 Steel of Cen A 9 Steel of Cen A 9 Steel of Cen A 9 Feck 8 6 Texsee Conada 2 Thomson Howe A ? 7 Toronto Dom 8k 2 Trans Mntn. III A 1 Walker (H) Res 1 Weston (Geo) 36 AUSTRIA May 3 9 Primoser 3 Semperit 1 Veltscher Mag: 1 Veltscher Mag: 1 REED 1 REED 4 REED 4 Reed Stenhs A 1 In Reed Stenhs A 1 Reed Stenhs A 1 Reed Stenhs A 1 In Reed Stenhs A 1 Reed Stenhs A 1 In Reed Stenhs A 1 Reed Sten	50 614 1216 1216 1216 1216 1216 1216 1216	2.50 654 1214 5414 2114 664 2458 2014 656 2458 277 2159 4.264 1934 1934 1934 3664 4.27 1934 193	Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsain Radietech Roussel-Volef Skis Rossignel Telemech Elect Valeo May 5 AEG-Telef Allianz Vors. Base Bayer-Hypo Bayer-Verain Bayer-Werain Bayer-Werain Ber Commerzbank Oemes Bayer-Verain Ber Commerzbank Oemes Bayer-Verain Ber Commerzbank Oemes D'sche Baboook Deutscho Bank Oresdner Bank OHH Hapag Lioyd Hoochst Heizmann (P) Hoochst Heizmann (P) Horton Kali und Salz Kaufhof Khosekner Kaufhof Kaufhof Kaufhof Khosekner Kaufhof Khosekner Kaufhof Khosekner Kaufhof Khosekner Kaufhof Khosekner Kaufhof	1,230 811 714,1 380,1 1179 185,2 146 328 980 291,2 532 240 291,2 532 240 291,2 532 240 291,2 532 240 291,2 532 240 291,2 532 240 251,2 266,6 171,5 167,0 174,8 174	+0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA AIGA AIGA AIGA AIGA AIGA ASEA ASEA ASEA ASEA Celulosa Electrolux B Ericsson Esselte(Free) Fagersta Fortle (Free) Mo och Dom Saab-Skania Sandvik(Free) Skania Sandvik(Free) Skania Sandvik(Free) Skania Sandvik(Free) Standis Standis Sign Eneklida SKF B St Kopperberg Sven Handelisbn Swedish Match Volvo(Free) Alusuisse Brown Baverl Ciba-Gelgy de (Part Corts) Credit Suisse Elektrowatt Fischer (Geo) Hoff-RochePiCts Hoff-RochePiCts Hoff-RochePiCts Hoff-RochePiCts Landis & Cyr Nestle	110.5 121 137.5 345 349.5 349.5 399 222.6 Kronar 194 210 162 210 162 210 162 210 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 128 139 149 159 169 178 178 178 178 178 178 178 178 178 178	+ er -1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +1	Cheung Kong Cosme Prop. Cosme Prop. Cosme Prop. Cosme Prop. Cross Nerbour. Hang Seng Bank HK Electric. HK Kowloon Wh. HK Cand HK Ghanghi Sk. HK Telephene. Hutchison Wpa. Jardine Math Hew Warld Dev. O'seas Trust 6k. SHK Propa. Swire Pag A. Wheel'k Mard A. Wheel'k Mard A. Wheel'k Mard A. Wheel'k Marti'e World Int. Hidgs. JAPAN May 1 Ajinomoto. Amada Asashi Class. Bridgestono. Canen. Citizeh Oaiei Dakya Selko. Ebara. Elset. Fuji Bank Fuji Fi(m 15 Fuji Bank Fuji Fi(m 15 Fuji Bank Huseh Hitachi Kokl. Henda Housefood 1 Hoys. Ich (C) Ich Hom Ja-Yokedo JACOS JALSOS JALSO	H.K. \$ 17.2 1.55 10.5 91 6.05 5.45 7.66 11.8 98.2 16.8 18.8 4.5 6.05 7.36 11.5 6.45 9.27 Price Yen 854 564 645 327 551 485 646 388 323 780 480 480 480 480 480 480 480 480 480 4	-0.1 -0.65 +0.15 -0.9 +0.2 +0.20 +0.	Cold Storage OBS Praser & Neave Haw Par Haw Pa	3.88 6.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 7.05 11.8 7.05 11.8 7.05 11.8 7.05 2.65 8.35 3.45 8.16 2.65 8.16 8.10 1.65 8.35 8.10 1.65 8.35 8.10 1.65 8.35 8.10 1.65 8.35 8.10 1.65 8.35 8.10 8.10 8.10 8.10 8.10 8.10 8.10 8.10	+0.16 -0.42 +0.42 +0.45 -0.45 -0.17 +0.45 -0.16 +0.18 +0.46 -0.16 +0.19 +0.46 -0.18 +0.46 -0.18 -0.50 -0.18 -0.50 -0.18 -0.50 -0.18 -0.50 -0.18 -0.50 -0.18 -0.50 -0.18 -0.50 -0.18 -0.50 -0.18 -0.50 -0.18 -0.50 -0.18 -0.50 -0.50 -0.18 -0.50 -0.18 -0.50
Ranger III Reed Stenhs A 1 Rie Algom 2 Reyal Benk 2 Reyal Trustee A 3 Sceptre Rs 5 Steel Can Oil 5 Steel Can Oil 5 Fronscan Pipe 2 Trans Moth III A Trens Moth III A Trens Moth III A Westeen (Gee) 3 AUSTRIA May 3 Pri Greditanstalt 2 Landerbank 3 Semperit 30 Ferimoser 1 Veitscher Mag: 11 RRBED 1 RRBE	50 61 121 121 121 121 121 121 121 121 121	2.50 654 1214 5414 2114 664 2454 2014 664 2454 2015 1654 1334 3654 1440 +40 +2	Met-Hennesey Mouthers Mouthers Mouthers Oornod Ricard Oornod Ricard Oornod Ricard Oornod Ricard Oornod Ricard Roussel-Volef Skis Rassignel Telemech Elect Valeo May 5 AEG-Telef Allianz Vors BASF BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BOVETI Common Boveti Conti Gummi Odimier Benz Oegussa Oemeg D'sche Babcook Deutscho Bank DU Schult Oresdner Bank OHH Hapag Lloyd Heochst Heochst Heochst Heochst Hotanan (P) Hotan Kafi und Saiz Kaufnof KHD Krupp Linde Lurthorsa MAN Monnesmann Merodes Hig Metel(gessell Muench Ruck Proussa	1,230 811 714,1 380,1 1179 185,2 146 328 980 291,25 532 240 25,1 26,2 26,4 26,5 216,	+0.11 +0.14 +1.55 +1.04	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Asfre-Laval Asea Electrolux B Sab-Skenia Sandvik(Free) Mo och Dem Saab-Skenia Sandvik(Free) Skan Eneklida Skr B Sandvik(Free) Sven Handelsbn Swedish Match Volvo(Free) SWITZERLAND May 5 Alusulsse Brown Boverl Giba-Gelgy de (Part Corts) Gredit Sulsse Electrowatt Flecher (Goo) Hoff-RochePfCbs Hoff-Roche PfCbs Hoff-Roche J/10 Interfood Jointoil Landis & Gyr Nestle Oer-Buhrlie Freili	110.5 121 137.5 345 349.5 349.5 399 222.6 Kronar 194 210 162 210 162 210 162 210 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 117 128 128 139 149 150 160 160 160 160 160 160 160 160 160 16	+ er -1 +3 +1 -1 -1 +1 -1 +1 -1 +1 -1 +1 -1 +1 -1 +1 -1 +1 -1 +1 -1 +1 -1 +1 -1 +1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1	Cheung Kong Cosme Prop. Cosme Prop. Cosme Prop. Cross Nerbour. Hang Senz Barik HK Electric. HK Kowloon Wh. HK Shanghi Bk. HK Telephene. HK Handhi Bk. HK Telephene. Jardine Math. Lew Werld Dev. C'seas Trust 6k. SHK Propa. SHK Propa. SHK Mard A. Wheel'k Mard A. Wheel'k Mard A. Wheel'k Martice World Int. Hidgs. JAPAN May 1 Alinometo. Annada Asashi Class. Bridgestono. Canen. Citizeh Osiei Daiw House Daiwa Selko. Ebara. Elsat. Fuji Bank. Fuji Bank. Fuji Film. ST- Fuji Film. ST- Fuji Film. Creen Cross. Helwa Ri East Hitachi Housefood Hoys. Hewa Ri East Hitachi Housefood JACOS. JAL. SJasso. Kajima. Koo Soap Kasinyama. Kikkoman Kikrin.	H.K. \$ 17.25 17.25 10.5 91 6.05 5.45 7.60 11.8 98.2 16.8 4.5 6.05 7.36 11.5 5.46 6.05 7.36 6.05 6.05 6.05 6.05 6.05 6.05 6.05 6.0	-0.1 -0.65 +0.75 +0.75 +0.20 +	Cold Storage OBS Praser & Neave Haw Par Haw Pa	3.88 6.45 3.00 6.30 6.30 6.30 6.30 6.30 6.30 7.05 11.8 7.05 11.8 7.05 11.8 7.05 8.35 3.45 8.16 8.16 8.16 8.16 8.16 8.16 8.16 8.16	+0.16 -0.07 +0.07 +0.07 +0.08 -0.11 -0.07 +0.09 +0.09 +0.09 +0.09 -0.18 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 +0.08 -0.19 -0.19 +0.08 -0.19
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Frustce A 1 Sceptre Res 5 Saagram 5 Steel Ground 1 Feck 8 7 Texaco Conada 1 Thomson Howa A 2 Tronston Dom 8k 2 Tronstan Pipe 7 Trans Mnth III A Utd. Bisco Mines 4 Walter (H) Res 1 Westcoat Trans 1 Westcoat Trans 1 Westcoat Trans 1 Stept Galmior 1 Stept Galmior 1 Veitscher Mag: 1 LRSED 1	50 614 1215 1215 1215 1215 1215 1215 1215 12	2.50 654 1214 5414 2114 664 2454 2014 664 2454 275 4.264 1634 1334 364 4.264 1440 144	Met-Hennesey Mouthen Met-Hennesey Moutinex Oorrid Ricard Oorrid Ricard Oorrid Ricard Oorrid Ricard Oorrid Ricard Peugeot-8.A Poolsain Radietech Roussel-Velef Skis Rassignel Telemech Elect Valeo May 5 AEG-Telef Allianz Vors BASE BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BOYER Oormon DU Schult Ooresdner Bank OHH Herton Valious Heoochst Heochst Heochst Heochst Herton Kai und Saiz Kaufnof KHD: Krupp Linde Lurthonsa MAN Monnesmann Merodes Hig Metzeligessell Merosenthal	1,230 811 714,1 380,11 179,1 185,2 146 328 291,2 532 284 295,2 146,5 134,9 134	+0.1.1 - 2.5 + 5 + 5 + 5 + 5 + 5 + 5 + 5 + 5 + 5 +	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Asfra-Laval Asea Electrolux B Sandvik(Free) Sandvik(Free) Sandvik(Free) Switzerland May 5 Alusuisse Brown Boverl Giba-Gelgy Giba-Gelg	110.5 121 137.5 349.5 349.5 349.5 349.5 222.6 Frice Roman 194 210 162 210 162 210 162 210 128 1128 1128 1128 1128 1128 1128	+ er -1 +3 +11 +12 +15 +2 +25 +20 +10 +35 +10	Cheung Kong Cosme Prop. Cosme Prop. Cosme Prop. Cosme Prop. Cross Nerbour. Hang Senz Bank HK Electric. HK Kowloon Wh. HK Land HK Bhanghi Bk. HK Telephene. Hartchison Wpa. Jardine Math. Hew Werld Dev. O'seas Trust 8k. SHK Propa. Swire Pac A. Wheel'k Martti- World Int. Hidgs. JAPAN May 1 Alinomete Amada Assahi Class. Bridgesteno. Canen. Canen. Canen. Chizeh Dai Wippon Ptg Daiwa Selko. Ebara. Elsat. Fuji Bank Fuji Film Fujitsu Fanue E Creen Cross Hasegawa Helwa Ri Est Hitachi Kokl. Housefood 1 Hoys JACOS JAL. Jaseo Kashiyama. Kajima. Kokuwo.	H.K. \$ 17.25 17.25 10.5 91 6.05 5.45 7.50 11.5 92.27 11.5 6.17 9.27 Price Yen 854 564 564 564 564 564 564 564 564 564 5	-0.1 -0.55 +0.55 +0.55 +0.50 +	Cold Storage OBS Praser & Neave Haw Par Haw Par Incheape Bhd Maiay Banking Malay Brew OGBC Jana Darby Straits Trg JOB SOUTH APRIC May 5 Abercom AE & Cl. Angle Am Anglo Am Oeld Anglo Am Orop Barlow Rand Suffels CNA Invest Curris Finance Oa Bears Oriofontein Fo Coduld Gold Fields SA Highvest Steel Hulotts Kloof Redbank IK Baznars Protea Hidgs Rembrant Reenles Rust Plat Sage Hidgs SA Brews Tiger Oats Unise Financial Ran (Discount of BRAZIL May 5 Acesits Beaco Brasil Beaco Brasil Beaco Brasil Beaco Brasil Beaco Brasil Beage Min Lolas Amer Petrobras PP Souza Cruz Unip PE Vale Rio Doos Tomover Cr	3.88 8.15 3.00 18.45 3.00 18.44 9.29 4.38	+0.16 -0.42 +0.42 +0.42 +0.45 -0.11 -0.85 -0.11 +0.95 -0.16 +0.19 +0.86 -0.18 -0.86 -0.18 -0.86 -0.86 -0.86 -0.86 -0.86 -0.86 -0.86 -0.86 -0.86 -0.86 -0.86 -0.86 -0.86
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Frustce A 1 Sceptre Res 5 Saagram 5 Steel Ground 1 Feck 8 7 Texaco Conada 1 Thomson Howa A 2 Tronston Dom 8k 2 Tronstan Pipe 7 Trans Mnth III A Utd. Bisco Mines 4 Walter (H) Res 1 Westcoat Trans 1 Westcoat Trans 1 Westcoat Trans 1 Stept Galmior 1 Stept Galmior 1 Veitscher Mag: 1 LRSED 1	50 614 1215 1215 1215 1215 1215 1215 1215 12	2.50 654 1214 5415 2113 144 614 617 2014 646 2458 2778 4.254 1.254	Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolsin Radietech Redeute Roussel-Uclef Skis Rossignel Talemech Elect Valeo May 5 AEG-Telef Allianz Vors BASF BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BAYER BOWN BOVERI Commerzbank Conti Gummi Oeimier Benz Oeguss Oemes Oemes Deutscho Bank Deutscho Bank Deutscho Bank Deutscho Bank Conti Gummi Oeimier Benz Oeguss Oemes Helzmann (P) Herbank Krupp Lurithonta MAN Mercedes Hig Metaligestell Mennesmann Mercedes Hig Metaligestell Muench Ruck Preussag Rhein West Elect Rosential Selecting Silemen Silemen	1,230 811 714.1 380.1 1179 1183.2 1146 328 281.2 532 803 240 291.2 532 240 291.2 532 240 291.2 284 125.5 284 125.5 284 125.5 284 125.5 284 125.5 284 125.5 127.5 1	+0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.1.2.5 +0.1.2.5	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Asfra-Laval Asea Electrolux B Sandvik(Free) Sandvik(Free) Sandvik(Free) Switzerland May 5 Alusuisse Brown Boverl Giba-Gelgy Giba-Gelg	110.5 121 137.5 349.5 349.5 349.5 349.5 222.6 Frice Roman 194 210 162 210 162 210 162 210 128 1128 1128 1128 1128 1128 1128	+ er -1 +3 +11 +12 +15 +2 +10 +36 +10 +36 +10 +36 +10	Cheung Kong Cosme Prop. Cosme Prop. Cosme Prop. Cross Nerbour. Hang Senz Barik HK Electric. HK Kowloon Wh. HK Shanghi Bk. HK Telephene. HK Handhi Bk. HK Telephene. Jardine Math. Lew Werld Dev. C'seas Trust 6k. SHK Propa. SHK Propa. SHK Mard A. Wheel'k Mard A. Wheel'k Mard A. Wheel'k Martice World Int. Hidgs. JAPAN May 1 Alinometo. Annada Asashi Class. Bridgestono. Canen. Citizeh Osiei Daiw House Daiwa Selko. Ebara. Elsat. Fuji Bank. Fuji Bank. Fuji Film. ST- Fuji Film. ST- Fuji Film. Creen Cross. Helwa Ri East Hitachi Housefood Hoys. Hewa Ri East Hitachi Housefood JACOS. JAL. SJasso. Kajima. Koo Soap Kasinyama. Kikkoman Kikrin.	H.K.\$ 17.25 17.25 10.5 91 6.05 7.50 11.8 98.2 16.8 18.8 4.5 6.05 7.56 6.46 9.27 Price Yen 854 564 680 443 761 9.27 854 680 483 888 323 666 388 323 666 388 323 666 388 323 666 388 323 666 388 323 666 338 323 666 338 323 666 338 323 666 338 323 666 338 323 666 338 323 666 338 323 666 338 323 666 338 323 666 338 323 667 487 740 740 740 740 740 740 740 740 740 74	-0.1 -0.65 +0.75 +0.29 +0.20 +	Cold Storage Cold Storage Cold Storage Praser & Neave Haw Par Incheape Bhd Maiay Banking Maiay Brew CoBC South Apric May 5 SOUTH Apric May 5 Abercom AE & GI Angle Am Cold Barlow Rand Buffels Cold Flacis SA Highweld Steel Hulotts Kloof Rodd Flacis SA Highweld Steel Hulotts Kloof Roddank IK Baznara Protae Hidgs Rembrant Reenles Rust Plat Sage Hidgs SA Brews Dgar Cats Unisec Financial Ran (Discount of BRAZIL May 5 Accelta Benco Brasil Belgo Min Lojas Amer Petrobras PP Souza Cruz Unip PE Vale Rio Doce Vale Rio Doce Vale Rio Doce	3.88 8.15 3.00 6.30 6.30 6.30 6.30 6.30 6.30 6.30	+0.16 -0.42 +0.42 +0.42 +0.45 -0.16 +0.45 +0.16 +0.16 +0.18 +0.46 -0.16 +0.19 +0.46 -0.18 +0.46 -0.18 +0.46 -0.18 +0.46 -0.56 -0.18 +0.46 -0.56 -0.18 +0.46 -0.56
Ranger IIII Reed Stenhs A 1 Rie Algom 2 Reyal Frustce A 1 Sceptre Res 5 Saagram 5 Steel Ground 1 Feck 8 7 Texaco Conada 1 Thomson Howa A 2 Tronston Dom 8k 2 Tronstan Pipe 7 Trans Mnth III A Utd. Bisco Mines 4 Walter (H) Res 1 Westcoat Trans 1 Westcoat Trans 1 Westcoat Trans 1 Stept Galmior 1 Stept Galmior 1 Veitscher Mag: 1 LRSED 1	50 614 1215 1215 1215 1215 1215 1215 1215 12	2.50 654 1214 5414 2113 14 664 2458 2074 2034 1634	Moet-Hennesey Moutinex Oornod Ricard Oerrier Peugeot-S.A. Poolain Radietech Redeute Roussel-Uclef Skis Rossignel. Talamech Elect Valeo	1,230 811 714 150,11 179 185,2 146 328 980 291,2 532 280 291,2 532 240 251,2 148,5 124,5 124,5 125,1 148,5 124,2 398 148,5 171,5 187,8 187	+0.1.1 -2.5 + + + + + + + + + + + + + + + + + + +	Borregaard Creditbank Elkem Kosmos Nersk Hydro Storobrand SWEDEN May 5 AGA Alfa-Laval ASEA Asfra-Laval Asea Electrolux B Sandvik(Free) Sandvik(Free) Sandvik(Free) Switzerland May 5 Alusuisse Brown Boverl Giba-Gelgy Giba-Gelg	110.5 121 137.5 349.5 349.5 349.5 349.5 222.6 Frice Roman 194 210 162 210 162 210 162 210 128 1128 1128 1128 1128 1128 1128	+ er -1 +8 +1 -1 -1 +1 +1 +1 +1 +1 +1 +1 +1 +1 +	Cheung Kong Cosme Prop. Cosme Prop. Cross Nerbour. Hang Senz Barik HK Electric. HK Kowloon Wh. HK Electric. HK Kowloon Wh. HK Shanghi Bk. HK Telephene. Hutchison Wpa. Jardine Math. Hew Werld Dev. O'seas Trust 8k. SHK Prop. Swira Pac A. Wheel'k Martt'e World Int. Hidgs. JAPAN May 1 Alinomete. Amada. Assehl Glass. Bridgestono. Canen. Gitical Okiso. Daiw Heuse Dalwa Selko. Elest Fuji Bank. Fuji Film Fujisawa Elest Fuji Bank. Fujisawa Elest Fujisawa Elest Fujisawa Elest Hitachi Koki. Helwa Ri East. Hitachi Koki. Honda Honda JAL. Jisaoo Kajima Kokuyo. Kashiyama Kirin Komatsu Fift.	H.K. 8 17.2 17.5 10.5 91 6.05 5.45 7.50 11.5 92.6 18.8 18.8 4.5 6.05 7.50 11.5 6.45 6.13 9.27 Price Yen 864 564 564 561 9.27 Price Yen 864 564 561 9.27 864 561 9.27 864 564 561 9.27 864 564 561 9.27 864 564 561 9.27	-0.1 -0.55 +0.75 +0.20 +	Cold Storage OBS Praser & Neave Haw Par Incheape Bhd Maiay Banking Maiay Banking Maiay Brew OCBC STraits Trg JOB SOUTH APRIC May 5 Abercom AE & Cl Angle Am Anzlo Am Oold Anzlo Am Oold Anzlo Am Orop Barlow Rand Buffels CNA Invest Curris Finance Ocarris Finance Ocarris Finance Curris Finance	3.88 8.15 3.00 18.45 3.00 18.44 9.29 4.38	+0.10 -0.42 +0.42 +0.45 -0.15 -0.15 -0.15 +0.42 +0.45 -0.16 +0.45 +0.45 +0.48
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(**) Saturday May 1: Jepan Com 7,445,57. TSE 550.38. Base values of all indices are 100 except Australia All Ordinary and Metalo—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. † 400 industriels. § 400 industriels plus 40 Utiliaes, 40 Financials and 20 Transports. c Closed u Unavailabel. Copies of this Offer for Sale, having attached thereto the documents specified herein, have been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange for the Ordinary Shares of Associated.

Heat Services Pic ("AHS" or "the Company") issued and now being issued to be admitted to the Official List. This Offer for Sale includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of ing information with regard to the Company. The Directors of the Company have taken all reasonable care to ensure that the facts stated hereio are true and accurate in all material respects and that there are no other material facts the omission of which would make mislending any statement herein whether of fact or of opinion. All the Directors accept respo

The Application List for the Ordinary Shares now offered for sale will open at 10 a.m. on Friday, 7th May, 1982 and may be closed at any time thereafter



Associated Heat Services Plc

(Incorporated in England under the Companies Act 1948, No. 883131)

Offer for Sale by Tender S.G.Warburg & Co. Ltd.

3,200,000 Ordinary Shares of 25p each at a minimum price of 230p per share, payable in full on application

The Ordinary Shares now offered for sale rank in full for all dividends declared or paid on the Ordinary Share capital of the Company after the date hereof.

Share Capital

Authorised

£2,500,000 in Ordinary Shares of 25p each

Issued and now being issued fully paid £2,000,000

230p

12.5

£18,400,000

Summary of information

The following information is derived from the full text of the Offer for Sale and accordingly must be read in conjunction

Estimated profit, earnings and earnings per share for the year ended 27th March, 1982

Estimated profit before management charges £2,900,000 Market capitalisation . Estimated earnings (Note 1)

Estimated earnings per share (Note 2) Estimated earnings per share based on a full tax charge (Note 3)

Net tangible assets adjusted for the net proceeds

Net tangible assets as at 26th December, 1981, assuming the additional share capital had been in issue on that date and had been subscribed at the minimum tender price

Net tangible assets per share, on the basis of the number of Ordinary Shares in issue following the

5.59 per cent. 26th March, 1983 Estimated dividend cover on the basis of expected net dividends per share of 9p for the year ending 26th March, 1983 and on estimated earnings for the year ended 27th March, 1982 (Note 1) 2.48 times

tender price

share (Note 2)

Notes

(1) Estimated earnings are based on the estimated profits before texation and before deduction of management charges in respect of the year, and adjusted to include notional interest calculated on the assumption that the net proceeds of the subscription at the minimum tender price had been placed on deposit for a full year to earn interest at a rate of 12 per cent, per annum. The estimated archarge on the profit for the year, after accounting for the adjustments mentioned above, has been deducted to arrive at earnings.

(2) Estimated earnings per share have been calculated by dividing the estimated earnings by 8,000,000 Ordinary Shares of 25p each.

(3) Estimated earnings per share based on a full tax charge have been calculated by taking the estimated earnings shown above and by replacing the tax charge by a notional tax charge of 52 per cent. On the adjusted profit for the year. They are also calculated on the basis of 8,000,000 Ordinary Shares of 25p each.

Indebtedness

At the close of business on 8th April, 1982 the Company and its subsidiaries had outstanding bank overdrafts of £739,000 and other loans of £457,000, none of which was secured. Save as disclosed herein and apart from intra-group liabilities, neither the Company nor any of its subsidiaries had at that date any loan capital, including term loans, outstanding or created but unissued, or any outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, or guarantees or other material contingent liabilities.

Directors

Sir Derek Ezra, M.B.E. (Chairman) Hobart House, Grosvenor Place, London SWIX 7AE

Bernard Chad Smith (Deputy Chairman) Henandar, Horton Road, Ashley Heath, Nr. Ringwood, Hampshire BH24 2EH

Alan Walter Tweedale, C.Eng., M.I.Gas.E., M.Inst.F. (Managing Director) 17 Islet Park Drive, Maidenhead, Berkshire SL6 5LF

Ralph Leslie Cohen, F.C.A. (Finance Director)

5 Foxley Court, Christchurch Park, Sutton, Surrey SM2 5UE Patrick James Custis, C.B.E., F.C.A., F.C.M.A., J. Dip. M.A., F.C. I.S.
Trees, 3 Stonehouse Drive, Little Aston Park,
Sutton Coldfield, West Midlands B74 3AL

Donald Davies, C.B.E., B.Sc., C.Eng., F.I.Min.E., C.B.I.M. Wendy Cottage, 21A Dukes Wood Avenue, Gerrards Cross, Buckinghamshire SL9 7LA

Jacques Leon Louis Dewailly (French) 34, Avenue du Golf, Villeneuve d'Ascq 59, France

Jacques Alfred Charles Cesar Triplet (French) 128 Rue Nationale, Lille 59, France

Secretary and Registered Office Rodney Grahame Castle, F.C.C.A., F.C.I.S. 2 Salisbury Road, Wimbledon, London SW19 4EZ

Auditors and Reporting Accountants Ernst & Whinney, Chartered Accountants, 57 Chiswell Street, London ECIY 4SY

Solicitors to the Company Freshfields, Grindall House, 25 Newgate Street, Londoo ECIA 7LH

Rouald V. Cowles, Hobart House, Grosvenor Place, London SWIX 7AE

Travers Smith, Braithwaite & Co., 6 Snow Hill, Londoo ECIA 2AL

Stockbrokers Rowe & Pitman,

City Gate House, 39-45 Finsbury Square, London EC2A 1JA

21 Lombard Street, London EC3P 3AR Receiving Bankers to the Offer for Sale

National Westminster Bank PLC.

Regis Securities, Balfour House, 390/398 High Road, Ilford, Essex, IGI INQ

Registrars and Transfer Office Regis Securities, Balfour House, 390/398 High Road, Ilford, Essex, IG1 INQ

Introduction

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- 6

The business of AHS principally involves the supply of heat or steam to factories, offices and residential premises, and the operation and maintenance of boiler plant and equipment.

AHS was formed in 1966 by the National Coal Board, Compagnie Générale de Chauffe ("CGC"), a French company which is a leader in the field of heat management in France and elsewhere in Europe, and Solar Industries Limited, each of which took an equal shareholding in the Company. In 1969, they were joined by a fourth shareholder, Wm. Cory & Son, Limited, now a subsidiary of Ocean Transport & Trading plc. In 1970, the shares owned by Solar Industries Limited were acquired by the other three shareholders in equal proportions, so that the National Coal Board's holding has since been transferred to its wholly owned subsidiary NCB (Ancillaries) Limited, which acts as a holding company for a number of the National Coal Board's interests, and part of Wm. Cory & Soo, Limited's holding has been transferred to affiliated (Ancheres) Limited, which acts as a notding company for a mimber of the National Coal Board interests, and part of Win. Coty & Soo, Limited's holding has been transferred to affiliated companies. In this document the National Coal Board and NCB (Ancillaries) Limited are each referred to as "the NCB" and Win. Coty & Son, Limited and its affiliates are referred to as "Coty".

AHS sees the obtaining of a Stock Exchange listing as a logical step in its further development and will utilise the finance raised by the Offer for Sale to strengthen its capital base and to provide additional working capital. Cory will dispose of its minority holding in AHS in the Offer for Sale because it considers that the investment is not of primary importance to its current overall strategy. Accordingly, the shares being sold in the Offer for Sale comprise all the 2,400,000. Overall strategy. Accordingly, the states being sold in the Other for Sale comprise an ine 2,400,000. Ordinary Shares of 25p each owned by Cory and 800,000 new Ordinary Shares of 25p each now being issued by the Company. Following the Offer for Sale, the NCB and CGC will each own 30 per cent, of the issued Ordinary Share capital of AHS and do not intend, in the absence of unforeseen circumstances, to dispose of any of their holdings within the next twelve months.

History

AHS was one of the first enterprises in the United Kingdom to promote and market a comprehensive heat supply and management service, a concept which had loog beeo established in France, where CGC carries oo a similar husiness with a current turnover of approximately f2IS million. CGC's experience, which dates back to the 1930's, has been of great benefit to AHS, particularly through the supply of technical know-how.

Early in 1967, AHS agreed to operate a number of hear service contracts for the NCB; these provided a nucleus from which to develop the Company's business. These contracts were for the provided a nucleus from which to develop the company's business. A fiese contracts were for the provision of a heat supply to the district heating schemes originally promoted by the NCB. Uoder these schemes, which are mainly in the North East of England, heat from central boiler installations schemes. Tions is provided (usually under contract to local authorities) for whole developments, including both commercial and residential premises. AHS has continued to act as operating agent for the NCB in respect of many of these contracts, although the relative importance of this business to AHS is declining with the growth of its business in other areas and a reduction in the number of

Later in 1967, AHS started to secure contracts on its own account for the provision of a full heat management service, including the operation and maintenance of coal, oil and gas-fired plants; and has gradually extended its geographic coverage of the United Kingdom, opening new plants; and has gradually extended its geographic coverage of the United Kingdom, opening new area offices as and when justified by the winning of new contracts. AHS now operates from ten area offices which cover most of the United Kingdom, and is the largest company in the country operation in field. Companying is provided by a new baseline and the largest company in the country operation in field. operating in its field. Competition is provided by a number of much smaller undertakings. AHS does not trade outside the United Kingdom.

Business'

Offer for Sale statistics based on the minimum

Price/earnings multiple on the estimated earnings per

Price/earnings multiple on the estimated earnings

Gross dividend yield on the basis of expected net

per share based on a full tax charge (Note 3)

dividends per share of 9p for the year ending

Minimum tender price per share

The principal services provided by AHS are the supply of heat or steam to customers' plant or premises and increasingly, the provision of air-condinoning. AHS attends to the operation and maintenance of boiler houses, boiler plant and heat distribution systems, supplies the requisite fuel to its customers' sites, generates heat or steam using the customers' own boilers and ancillary plant and carries out plant maintenance and repair work. Its operatives make regular service visits and offer a prompt repair service to cater for breakdowns. In some cases, control is maintained through on-site monitoring equipment owned and supplied by AHS and linked by telephonelines to AHS's operational centres, which are manned 24 hours a day. AHS will also undertake to replace certain items of plant and equipment under the replacement guarantee scheme referred to below. For those customers who do not require a full heat or steam supply service, AHS provides a maintenance only service, which involves regular visits as well as prompt repairs in the event of breakdowns. Additionally, the Company provides a design and construction service in relation to boiler bouses, boiler plant and hear distribution systems, usually by co-ordinating the work of

AHS may arrange hire purchase or leasing finance for the installation of new equipment when required. In the past, such finance has been provided by a specialist finance company or, in certain cases, through credit arrangements provided by the NCB (referred to below under "Relationship with shareholders"). Recently, customer financing requirements have also been provided from facilities available to AHS itself. The Company believes that this type of arrangement is attractive to certain potential customers, and that it adds usefully to AHS's range of services. AHS is also able to advise oo the availability of grants under the Government scheme to aid conversion to coal-fired boilers, the extension of which was announced in the last Budget.

AHS has recently developed the expertise and technology to be able to monitor plant and control energy consumption remotely. This is a new aspect of AHS's comprehensive heat service and one where the Directors expect significant growth because of the prospect it affords customers of making economies. It is now being offered separately by the Energy Management Division through the computer-controlled ERCO system – Energy Remote Control and Optimisation. It permits accurate huggering, continuous fuel andting and full remote control of all energy-using functions, such as cooking, heating, air-conditioning, refrigeration and fire and security alarms, and is therefore particularly beneficial for customers such as retail stores and hotel groops.

The services provided by AHS relieve the customer of the day-to-day responsibility for looking after his heating and air-conditioning plant and provide him with clear financial benefits. These derive from the bulk purchase of fuel and sundry materials and the availability of the skilled engineers and boiler operators who run and control the boiler plant and heating systems. In many areas, one boiler operator can look after up to a dozen small installations, with great savings to the customer compared with the cost of employing full-time personnel. Further, by the use of up-to-date monitoring techniques, AHS is able to ensure the continuing efficiency of boiler operations, with resulting economies for the customer.

Customers and sources of supply

The Company's customers fall into three main categories: industrial customers, to whom AHS supplies heat for factories and offices and steam for industrial processes; commercial customers, to whom AHS supplies heat for offices; and local authorities and housing associations, to whom AHS supplies heat for offices and houses, mainly under district heating schemes.

At present, AHS has some 700 customers and services some 1,250 installations. The size of contracts, in terms of annual revenue, varies from a few pounds in the case of some maintenance contracts to very large sums in respect of district heating schemes and industrial installations. It is estimated that the 10 largest contracts contributed approximately 13 per cent, of turnover in the year ended 27th March, 1982.

The split of revenue by customer category is as follows:-

And approved	me by customer care,	EOTA 12	_				
Caregory of customer	31st March, 198	0	Year en 28th Marc		27th Marc (estima		
Industrial Commercial Local authorities Other	£000 9 10,392 3 6,241 2 9,796 3 267		5000 11,645 7,948 10,950 583	% 37 26 35 2	14,000 9,000 12,400 800	39 25 34 2	
Total	26,696 10		31,126	100	36,200	100	

The types of fuel oo which cootracts are based tood to depend on the area concerned. For instance, coal-based contracts occur more frequently in the North East, Yorkshire, Lancashire and Nottinghamshire, while further south oil and gas are more common.

The proportion of revenue derived by AHS from cootracts based upon the various types of fuel is as follows:--

Types of fuel	31st Marci	h, 1980	Year et 28th Marc		27th Marc	
Coal, Oil Gas	£000 10,647 9,648 3,851	% 40 36 14	5000 12,643 9,460 4,942	% 41 30 16	(estima £000 15,700 9,900 5,600	43 28 15
Maintenance and other Total	24,146 2,550 26,696	90 10 100	27,045 4,081 31,126	87 13 100	31,200 5,000 36,200	86 14 100

AHS obtains coal principally from the NCB and Cory, fuel oil from Shell U.K. Limited. Amoco (U.K.) Limited and Charringtons Fuel Oils Limited and gas from British Gas Corporation. The NCB is the largest single fuel supplier to AHS. Following the Offer for Sale, it is not expected. that there will be any significant change in AHS's suoplier arrangements.

Under normal market cooditioos, AHS neither enters into forward purchase commitments nor attempts to carry reserve stocks; instead its policy is to make purchases of fuels as and when required. However, when AHS has foreseen a shortage in the past, it has generally been able to build up a sufficiently large stockpile of fuels to ensure that service to customers has not been

Types of contract

AHS normally enters into formal contracts with its customers for heating and maintenance

Heat service contracts are for minimum fixed periods varying from three months to thirty years, the majority in both number and revenue being for five years or more. The maintenance only contracts are generally for a minimum term of one year. Both types of contract continue after the minimum period until either AHS or its customer gives notice of termination. Approximately one third of all current contracts have been continued in this way. Contracts normally provide for

AHS adopts two methods of charging for heat service cootracts. Under the first method—a single tariff contract—an annual charge is agreed with the customer to cover all heat supplies, regardless of the actual amount of heat used. Under the second method—a two-part tariff contract the customer pays an annual charge to cover routine service work and a separate charge at an sereed rate for every unit of heat produced or fuel consumed. The majority of the Company's heat service cootracts are two-part tariff. Single tariff cootracts are more appropriate for some commercial customers where the heat requirement is relatively stable, but industrial customers and local authorities normally wish for flexibility in their heat or steam requirements, making two-part

Associated Heat Services Plc

tariff contracts more suitable. Mild winters increase the profitability of single tariff contracts as a result of lower fuel consumption, but tend to reduce the profitability of two-part tariff contracts because of lower throughput. Overall, profits are not unduly weather-sensitive.

Contracts provide for adjustment to the supply price if the unit cost of the relevant fuel or the cost of labour or materials rises or falls during the continuance of the contract. A formula is used to determine the adjustment for labour cost increases, while charges for materials are linked rothe wholesale price index applicable to the steel industry. At times when fuel prices are increasing, profits benefit from the link with them, while at times when fuel prices are declining or increasing more slowly than other costs, profits suffer. Owing to seasonal variations in the use of fuel by customers, the Company's revenues and profits do not accrue evenly through the year.

Replacement guarantees

AHS is able to offer a special facility by incorporating in heat service contracts a "replacement guarantee" under which AHS is responsible during the term of such contracts for the repair and replacement of certain items of boiler plant and equipment, as and when necessary. In these circumstances, AHS builds into the contract price a premium, calculated on a formula basis, to cover the cost of implementing the guarantee. The customer who opts for this guarantee benefits from an element of insurance against plant break-down and the cost of replacement, whilst AHS, if the plant is carefully maintained and operated by its staff, can benefit from the premium in the contract price to the extent that it is not after all tequired in full to replace plant and equipment. Approximately one third of the Company's current contracts, usually those of fifteen to twentyfive years' duration, contain this guarantee provision.

AHS accounts for the guarantee by reducing revenue from each contract by the amount of the annual premium, which is credited to a general replacement guarantee provision. Expenditure incurred on replacements is charged against this provision. Credits to the replacement guarantee provision are increased each year by reference to price indices to take account of inflation in labour and materials costs; however, past provisions are not increased to take account of the effects of

In calculating the charges for this replacement service AHS has had regard to the experience of CGC which has operated a comparable arrangement for many years, and AHS believes that the replacement guarantee provision will be at least adequate to cover its liabilities.

Relationship with shareholders

The shareholders have belped the Company in various ways, particularly in its formative years. The NCB has introduced business and seconded employees to AHS, CGC has provided know-bow and also seconded employees and Cory has provided technical training. In recognition of this assistance, escb of the shareholders has received an annual management fee, the first payment having been made in the financial year ended 31st March, 1975. As AHS has grown, the provision of such assistance has become of less importance and management fees ceased to accrue from 28th March, 1982. Details of fees paid are contained in the profit and loss accounts of AHS set out in the Accountants' Report. In addition, AHS has paid the NCB a market rate for various

Over the years, the NCB has been the major supplier of coal to AHS, although some supplies have been obtained from Cory. All supplies of coal are on an arm's length basis. Prior to April, 1981, the NCB allowed AHS to extend the normal credit period for its purchases of coal by means of bills of exchange of up to 90 days. The interest savings resulting from these arrangements cannot essed precisely, but are estimated to have been of the order of £40,000 in the year ended 31st March, 1977, rising to approximately £85,000 in the year ended 28th March, 1981.

When AHS commenced business, it was appointed by the NCB to operate a number of district heating schemes on the NCB's behalf, as described above. The arrangements for some of these operations are on a less formal basis than usual but it is annicipated that certain of these schemes will be phased out by the relevant local authorities over the next three years; this is not expected to bave a material effect on the profits of AHS. In addition to this business, AHS provides heat services and undertakes maintenance for the NCB and its associates, including a nominee company of the NCB pension schemes; these arrangements are on arm's length terms and are continuing. The total revenue derived by AHS from such arrangements with the NCB and its associates (but excluding the district heating schemes) during the year ended 27th March, 1982 is estimated to have amounted to £1,353,000.

In 1974, the NCB requested AHS to join in the promotion of solid fuel heating. The major part of the resulting promotional activity in recent years has taken the form of the use by AHS of a credit facility based upon a notional quantity discount on total coal purchased by AHS from the NCB, which AHS used to finance the purchase of coal-fired plant for use at its customers' premises. Each drawing by AHS on this facility was matched with a particular heat service contract, though the rate of interest charged to customers was slightly higher than that which applied under the NCB facility. The effect of these credit arrangements on the annual profits of AHS has not been material and, in substitution, AHS bas since begun to finance the purchase of heating equipment for use by its customers either from facilities available to it or through third party leasing which it has arranged. Consequently, no drawings have been made by AHS under the NCB facility since August, 1981 and the remaining loans, amounting to £457,000 outstanding as at 27th March, 1982, will be repaid over the periods originally agreed.

Management and employees

Each of the NCB, CGC and Cory has in the past been represented by two Directors on the AHS Board and has maintained a close interest in the Company's development. Following the Offer for Sale, the NCB and CGC will each, by virtue of its shareholding, be entitled to be represented by two Directors pursuant to a special provision in the Articles of Association of AHS, and their present appointees, Sir Derek Ezra and Mr. D. Davies for the NCB, and Mr. J. L. L. Dewailly and Mr. J. A. C. C. Triplet for CGC, will therefore remain on the Board. The Cory appointees resigned immediately prior to the Offer for Sale. The Board also includes a further non-executive Director, Mr. P. J. Custis, in addition to the three executive Directors. Details of the Directors are as follows:-

Sir Derek Ezra, aged 63, is the non-executive Chairman, having joined the Board of AHS upon its formation in 1966. His principal business occupation is Chairman of the NCB and he is also a director or chairman of a number of the NCB's subsidiary and associated companies as well as bolding other company appointments. Sir Derek began his career in the coal industry in 1947 when be joined the marketing department of the NCB and, following various overseas and marketing appointments, was appointed a Member of the NCB in 1965 (with special responsibility for marketing), Deputy Chairman in 1967, and Chairman in 1971. Sir Derek is due to retire as Chairman of the NCB in July, 1982 but has been asked by the Board of AHS to continue as Chairman of the Company, and has agreed to do so.

Mr. B. Chad Smith, aged 69, is the Deputy Chairman. He joined AHS as Managing Director in 1969 on secondment from the NCB, and joined AHS permanently five years later. In 1977, Mr. Chad Smith became executive Deputy Chairman. Mr. Chad Smith has gradually reduced his commitments and now devotes approximately two days a week to the Company's affairs. Before joining AHS, Mr. Chad Smith held a number of senior posts within the NCB.

Mr. A.W. Tweedale, aged 47, is the Managing Director. He joined AHS upon its formation, having previously worked for the North Eastern Gas Board and then the NCB. He moved to the head office of AHS in 1977 as Deputy Managing Director, having previously been an area

manager, and has been chief executive since 1979. Mr. R. L. Cohen, aged 34, was appointed Finance Director in December, 1981. He is a chartered accountant and was previously employed by Ernst & Whinney for ten years.

Mr. P. J. Custis, aged 61, was appointed a non-executive Director in September, 1981. He joined Guest, Keen & Nettlefolds ple ("GKN") in 1967 and after various senior appointments was appointed Director of Finance of the group world-wide in 1974. Mr. Custis retired from GKN on 31st December, 1981. He is a Director of Turriff Corporation Limited, Cayzer Gartmore Investments Limited and the Birmingham and West Midlands Regional Board of Lloyds Bank Plc, and a member of the Monopolies and Mergers Commission.

Mr. D. Davies, aged 58, was appointed a non-executive Director in April, 1982. He has been a Member of the NCB since 1973, and is now responsible for marketing, coal science and open-cast mining, having previously been Area Director for the South Wales Area since 1967.

Mr. J. L. L. Dewailly, aged 60, was appointed a non-executive Director on formation of the Company in 1966. He has been involved in heat management service since 1945 when he joined CGC and after various appointments is now the current Chairman and Managing Director of CGC and chairman or a director of a number of its subsidiary companies. In addition, Mr. Dewailly is a Conseilleur of the Banque de France and bolds other company appointments.

Mr. J. A. C. C. Triplet, aged 60, was appointed a non-executive Director shortly after the formation of the Company in 1966. He joined CGC in 1960, becoming a Director in 1971, and is also a director of a number of its subsidiary companies.

Mr. R. F. Catherall (aged 44) and Mr. B. M. Gibson (aged 48), who have been with AHS since 1966 and 1973 respectively, are regional directors of AHS. Mr. Catherall has overall responsibility for the Nottingham, Leicester/Birmingham and South Yorkshire area offices whilst Mr. Gibson is responsible for the East and West London and Western area offices. The remaining four area offices report directly to Mr. Tweedale. Mr. M. V. Murray (aged 55), who has been with the Company since 1969, when he joined from Cory, is technical director and has overall responsibility for all technical aspects of contracts.

Employees

AHS has some 840 employees throughout the United Kingdom, including approximately 680 engineering and technical operational staff.

The area managers supervise all aspects of the business in their own areas. Each area manager has within his area sales staff, operations managers and engineers and various grades of operatives, some of whom are permanently assigned to specific customer premises. In addition, an accountant and supporting staff are located in each area.

The group chief accountant, Mr. C. Machin, and his staff are located in Doucaster. The transport department, the personnel and training section and the recently introduced energy management division are located in Wakefield.

AHS recognises four trade unions: the British Association of Colliery Management; the Association of Scientific Technical and Managerial Staffs; the General and Municipal Workers Union; and the Associated Union of Engineering Workers. Labour relations have been and continue to be good.

Iwo self-administered contributory pension schemes for the operatives and management are operated by the Company covering almost all employees. A small number of the Company's employees were formerly employed by the NCB and, in accordance with arrangements made when they joined AHS, each of them has continued as a member of the NCB pension schemes to which AHS pays employer's contributions. A sales incentive scheme is currently being developed.

AHS places particular emphasis on training, since the extent to which it is able to undertake new contracts depends on its ability to recruit and train an adequate number of new operatives. Since 1979, AHS has had its own training department at the area office in Wakefield, where the training officer arranges courses, principally for the operanves but also for middle management and sales staff. Instruction is given by outside instructors as well as AHS personnel. Courses include heat service, electrical familiarisation, and welding and refrigeration, all within guidelines initially laid down by the College of Fuel Technology. By way of illustration, in the year ended 27th March, 1982, a total of 20 courses were beld, each of which catered for about ten employees. AHS is currently increasing the number of training department personnel in order to meet the need for skilled engineers as new contracts are won.

Until February, 1982, the head office of AHS was at the NCB's head office at Hobart House, for which the NCB received an annual fec based on a market rent. The Company's head office is now situated in Wimbledon and consists of leasehold premises having a total area of 3,700 square feet. The majority of its other offices and premises are leasehold, except for its property in Wakefield which is freehold.

Further details of premises are set out in paragraph 8 of Appendix II.

Proceeds of the issue and working capital

3,200,000 Ordinary Shares are now being offered for sale. Of these, 2,400,000 Ordinary Shares are being made available by Cory, which, as already stated, is disposing of its entire bolding, and 800,000 are new Ordinary Shares for which S. G. Warburg & Co. Ltd. has agreed to subscribe in cash ("the subscription"). The net proceeds of the subscription based on the minimum tender price are estimated at £1,487,000, after deduction of those expenses of the Offer for Sale which are to be borne by the Company, and for each 5p by which the price fixed ("the striking price") exceeds the minimum tender price, the Company will receive approximately a further £39,600.

As already indicated, the net proceeds of the subscription will provide additional working capital for AHS and will strengthen the capital base of the Company, enabling it to finance the continued development of its business, including further plant installations at customers' premises.

The net tangible assets of AHS at 26th December, 1981, as shown in the Accountants' Report, amounted to £5,651,000. Taking into account the net proceeds of the subscription at the minimum tender price, as estimated above, and the new Ordinary Shares being issued, the adjusted net rangible assets at that date of £7,138,000 represent 89.2p per Ordinary Share.

The Directors are of the opinion that, having regard to the cash resources of AHS and its subsidiaries and to bank facilities available to them, as well as to the net proceeds of the subscription, AHS and its subsidiaries have sufficient working capital for their present requirements.

Profits, dividends and prospects

Set out below is a summary of the Company's results, under the historical cost convention, for the five years ended 28th March, 1981, together with the estimated results for the year ended 27th March, 1982. These figures, other than the estimated figures for the year ended 27th March, 1982, are more fully detailed in the Accountants' Report:-

		1977 2000	Years ended 1978 £000	1 31st March, 1979 £000	1980 5000	Year ended 28th March, 1981 £000	Estimate for year ended 27th March, 1982 £000
Turnover	::	11,909 10,743	16,667 15,114	20,218 18,764	26,696 24,194	31,126 28,561	36,200 33,440
Trading profit	::	1,166 44	1,553 59	1,454 48	2,502 104	2,565 159	2,760 140
Profit before management charges and taxation Management charges	::	1,210 84	1,612 119	1,502 144	2,606 192	2,724 228	2,900 260
Profit before taxation Taxation	::	1,126 589	1 ₃ 493 782	1,358 692	2,414 1,237	2,496 1,000	2,640 1,060
Profit available for distribution Dividends	::	537 75	711 150	666 150	1,177 225	1,496 300	1,580 300
Retained profit	• •	462	561	516	952	1,196	1,280
Notes:-		-427-15-					

(1) The estimated results for the year ended 27th March, 1982 have been calculated upon the bases and assumptions set out

in Appendix I.

(7) No management charges will be paid in respect of periods after 27th March, 1982.

Significant factors affecting past results

Significant factors affecting the trend in turnover and profits during the six years ended 27th March, 1982 included:-

(a) the success of AHS in gaining new cootracts; the number of installations serviced has increased from approximately 800 in 1977 to some 1,250 at 27th March, 1982; (b) the effects of inflation:

(c) the incidence of stock profits, particularly in the year to 31st March, 1980;

(d) the effects of recession during the two years ended 27th March, 1982; this was evidenced by reduced requirements for heat and steam as customers' levels of business activity declined and by loss of contracts and the incidence of bad debts arising from the insolvency of certain customers, particularly in the industrial North of England;

(e) the effects on margins in the year ended 31st March, 1979 of the payment of higher wage awards to AHS staff than could be recovered from customers under the terms of their contracts; and (f) the interest effects of extended credit arrangements described under "Relationship with

Underlying trend in profits

The underlying trend in profits, stated before management charges and taxation and prior

benefit of extended credit an	rangements (n		neo), is as i	onóws:—	Tear ended 28th	Estimate for year ended 27th
	a number		51st March,	****	March,	March,
	1977 £000	1978 2000	1979 £000	1980	1981	1982 £000
Profit (as defined above).	1.156	1,540	1.440	2.353	2.783	2,948
Estimates for the year ende		,1982				

The Board of AHS estimates that, on the bases and assumptions described in Appendix I, the lurnover and the profit before management charges and laxation for the year ended 27th March, 1982 were not less than \$\colon 50,200,000 and £2,900,000 respectively.

After estimated management charges of £260,000 and an estimated tax charge of £1,060,000, this would leave earnings of £1,580,000, (or, on the basis of a notional full tax charge of 52 per cent., £1,267,000). Taking by way of illustration the estimated earnings for the year ended 27th March, 1982 of £1,580,000 and adjusting to add back management charges in respect of the year and to include notional interest, calculated on the assumption that the net proceeds of the subscription at the minimum tender price had been placed on deposit for a full year to earn interest at a rate of 12 per cent. per annum, earnings attributable to sharebolders would be £1,790,000 (£1,477,000 on a full tax charge).

On the basis of the number of Ordinary Shares which will be in issue following the Offer for Sale, this is equivalent to earnings per Ordinary Share of 22.4p (18.5p on a full tax charge) and, at the minimum tender price of 230p, the price/earnings multiple is 10.3 (12.5 on a full tax charge).

Letters from Ernst & Whinney and S. G. Warburg & Co. Ltd. reporting on the estimates are set out in Appendix f.

The dividend in respect of the year ended 27th March, 1982 has already been paid. The Ordinary Shares now offered for sale rank in full for all dividends declared or paid on the Ordinary Share capital of the Company after the date bereof. The Directors expect, in the absence of unforeseen circumstances, to recommend divi-

dends in respect of the year ending 26th March, 1983 totalling not less than 9p per Ordinary Share (12.86p inclusive of tax credit) on the share capital as increased by the subscription. Of this, the Company would expect to pay 3p per share (4.29p inclusive of tax credit) as an interim dividend in January, 1983 and 6p (8.57p inclusive of tax credit) as a final dividend in August, 1983. A total dividend of 12.8fip per Ordinary Share (inclusive of tax credit) would represent a gross yield of 5.59 per cent. on the minimum tender price of 230p and would be covered 2.48

The Board of AHS believes that the Company's growing emphasis on sophisticated operational controls and its determination to maintain high standards of work place it in a good position to maintain its existing customer base and to obtain new contracts. AHS also intends to take advantage of the possibilities for developing new areas of business within its particular expertise and to utilise modern technologies and computerised systems where possible. The

times by the estimated earnings of £1,790,000 for the year ended 27th March, 1982.

recently introduced ERCO system is an example of such a development. The Board believes that the available market is substantial and that the lead which AHS has in the beat services market, combined with the growing emphasis on controlling energy costs generally, leave the Company well placed to expand its business and to take advantage of the expected upturn in the economy. Whilst it is too early to make a profit forecast for the year ending 26th March, 1983, the Board views the future with confidence.

Accountants' Report

The following is a copy of a report to the Directors of AHS and the Directors of S. G. Warburg & Co. Ltd. made by the ors and reporting accountants, Ernst & Whitney, Chartered Accountants: -The Directors, Associated Heat Services Pic London ECIY 4SY

The Directors, S. G. Warburg & Co. Ltd. 28th April, 1982

Gentlemen.

We have examined the audited accounts of Associated Heat Services Pic ("AHS") and of its subsidiaries for the four years ended 3 lst March, 1980, for the financial year ended 28th March, 1981 and for the 3% weeks ended 28th December, 1981.

These accounts have been prepared under the historical cost convention. Throughout this period we have been auditors of AHS and of its subsidiaries. The information set out below under the heading "Historical cost accounts" is based on the audited accounts of AHS,

after making, such adjustments as we consider appropriate. In our opinion, this information gives, on the basic of the historical cost convention, a true and fair view of the profits and source and application of funds of AHS for the four years ended 31st March, 1980, for the financial year ended 25th March, 1981 and for the 39 weeks unded 26th December, 1981, and of the state of affairs of AHS at 26th December, 1981. We have also examined the abridged supplementary current cost accounts of AHS for the financial year ended 28th March, 1981 and for the 39 weeks ended 26th December, 1981, which have been prepared under the current cost convention in accordance with Statement of Standard Accounting Practice 16 ("SSAP 16"). We set out below, under the heading "Current cost accounts", the summarised statement of profit and of net assets prepared under the current cost convention.

to these statements have been properly prepared in accordance with the policies and methods set out in the ootes to give the information required by SSAP I

Consolidated accounts of AHS and of its sub-idiaries have not been prepared as the amounts involved in respect of the subsidiaries are insignificant. No audited accounts have been prepared for AHS for any period subsequent to 26th December, 1981.

Historical cost accounts L Accounting policies

The historical cost accounts have been drawn up under the following principal accounting policies, which have been consistently applied in arriving at the financial information set out in this report. (i) Turnover

Turnover represents the invoice value (excluding value added tax) of amounts receivable in respect of the operation, design, installation and maintenance of heating plants and the management of customers' energy requirements. (ii) Depreciation

The cost of fixed assets is written off over their expected useful fives as follows:

Freehold buildings — straight line basis over 50 years

- Straight line basis over the lesser of 40 years or the period of the lesse Leasehold property Boiler prant at customers' premises - straight line basis over the period of the contract Other plant and equipment, straight line basis over periods varying from 4 to 12 years - at 50 per cent, per annum on a reducing balance basis Motor vehicles

(iii) Government grants
Grants are deducted from the cost of the related assets, (iv) Stocks
Stocks of fuel are stated at historical cost prices, after deducting rebates, computed on a first-in, first-out basis.

(v) Deferred taxation Provision is made for deferred taxation using the liability method on short term timing differences and all other material timing differences which are not expected to continue in the future.

2. Profit and loss accounts	. • .			· ·		
The profit and loss accounts (28th March, 1981, and for the 39 we	of AHS for ear	h of	the four	years end	led 31st March, 1980; as follows:—	for the financial year ended
59H 343H4 120H 20H 10F 10C 32 WG	THE CHANGE TAIL				atomi year ended	39 weeks

			1977 £000	31st M 1978 £009	1979 5000	1980	28th March, 1981 2000	26th December, 1981 2000
Tecnover	::	Note (1)&(ii)	11,909 10,743	16,667 15,114	20,218 18,764	26,696 24,194	31,126 28,561	24,084 22,061
Trading profit Net interest receivable	•••	(iii)	1,166 44	1,553 59	1,454 48	2,502 104	2,565 159	2,023 123
Profit before management charges and taxation	::		1,210	1,612	1,502	2,606 192	2,724	2,146 .172 1,974
Profit before taxation Invarion	• ::	(iv)	1,126 589	1,493 782	1,358 692	2,414 1,237	2,496 1,000	789
Profit available for distribution Dividends	::	(₹)	537 75	711 150	666 150	1,177 225 952	1,496 300	1,185
Retained profit			462	561	516		1,196	_
Earnings per share	••	(zī)	7.5p	9.9p	9.30	16.3p	20.8p	16.5p
Notes on profit and loss account (i) Cost of sales Cost of sales is staned after charging				Fin	meial year end	ied		39 weeks
							28th	ended 26th
			1977 £000	31st.M 1978 2000	1979 2000	1980 5000	March., 1981 2000	December, 1981 2000
Directors' fees					_		_	5
LINECHES ICES	- •	••	4	4.	6	. 6	6	•
Amounts payable to thursholder for services of non-executive i	comps Directo	mier Jur		<u> </u>	. <u> </u>	. 6 9	9	7
Amounts revable to thereholder	comps Directo	inier Jrs • •	9 13	9		•		
Amounts payable to shareholder for services of non-executive. Net charge in respect of replaces guarantee (see none (ii) below) Depreciation Anditors' remuneration	Directo nent)12)12		221 274 10	9	9	9	7
Amounts payable to shareholder for services of non-executive. Net charge in respect of replacen guarantee (see note (ii) below) Depreciation	nent	mes.	197 153 8	221 224	9 15 306 359 11	9 15 332 381 12	9 15 395 527 16	295 441 15

(ii)

(iii) Net interest receivable				Flor	meial year end	ed		39 week
				3lst M		1980	Zāth March, 1981	December 198
			<i>1977</i> 2000	1978 5000	1979 £000	5000		2000
Interest receivable	: :	: ::	71 27	97 38	73 25	136 32	183 24	127
				-	48	104	15 9	123
	• •	• ••	44	59	40			
	, based	on profits S		s, comprises				39 weeks
(a) Totalina	based	क प्राचीत है		s, comprises Fire	i~ ncial year end	ed	28th March	39 weeks ended 26th December
in Tatation	, based	on profits f		s, comprises	i~ ncial year end			39 weeks ended 26th
(v) Taxation The charge for exection	, based	on profits f	1977 5000	31sz Ma 1978 1000	ncial year end	1980 £000 2,101	28th March 1981 2000 1,137	39 weeks ended 26th December 1981
Net interest receivable (iv) Taxation The charge for taxation Corporation tax Deferred tax charge/(credit)	based	on profits f	nerthe period	S, comprises Fina 31st Ma 1972 1900	ncial year end arch, 1979 2000	1980 £000	28th March 1951 £000	39 weeks ended 26th December 1980 2000

for the period, adjusted for disallowable items, the estimated effective rate of corporation tax for the year ended 27th 1982. An interim dividend for the financial year ended 27th March, 1982 amounting to £300,000 was declared on 25th March, 1982 and paid on 26th March, 1982, but has not been reflected in these accounts.

(vi) Earnings per share
Earnings per share
Earnings per share have been calculated on the 7,200,000 Ordinary Shares of 25p each which will be in issue
immediately prior to the Office for Sale and on the profit available for distribution for each period. No account has been taken
of the 800,000 new Ordinary Shares of 25p each to be subscribed and officed for sale to the public, not of the net proceeds

					Fin	ancial year cod	ed		39 wee
					Stat M	law t s		28th March	Decemb
				1977 £000	1978 2000	1979 2000	1980	1981 5000	19
ource of funds									
ofit before taxation ms not involving the mo	· ·	of for	ds:	1,126	1,493	1,358	2,414	2,496	. 1,9
Derreciation				153	224	359	381	527	4
Increase in replacement	guaran	tee pro	rision	129	100	95	159	250	
needs of sale of fixed a	ssets	• •		15	108	96	109	181	
stal sources		••	••	1,423	1,925	1,908	5,063	3,454	2,
oplication of funds orking capital: Incresse/ideoresse) in									
Stocks				95	152	91	664	385	
Debtors	::	•		941	749	1,155	1.645	1,216	C
Creditors	• •	••		(237)	(310)	(141)	(781)	(255)	0
Bills payable	• •	••		(120)	44	(262)	(220)	437	
				679	635	843	2,308	1,783	(
vidends paid				30	75	150	150	100	`
iditions to fixed assets		••		231	676	455	685	1,270	1,
z paid		٠.	••	276	768	701	772	1,036	1,
tal applications		٠,	*/	1,216	2,154	2,149	2,915	4,189	2,
crease/(decrease) in ne	t Tiquid	funds		207	(229)	(241)	148	(735)	

2,515

5,651

133,333

.

4. 1.

200

27:

1.5

Fixed assets
Interest in subsidiaries Interest in subsidiaries
Advance corporation tax recoverable
Current assets: 1,888 7,451 15 9,354 Stocks (iii) Debtors
Rank halances and cash Corrent liabilities: 5,116 Net current assets

.. (vī)

5,651 Notes on the balance sheet:-Net book Prechold property
Lessehold property
Boiler plant at customers' premises
Plant and equipment
Motor vehicles
Computer equipment

1,188 210 726 260 2,515 (ii) Interest in subsidiaries Shares at cost
Amounts due from subsidiaries Less: provision for losses in subsidiaries

AHS has the following subsidiaries, all of which are wholly owned and are incorporated in England and none of which is now trading except A.H.S. Leasing Limited:

A.H.S. Leasing I imited
Associated Heat Services (Central) Limited
Associated Heat Services (Northern) Limited

Associated Heat Services (Southern) Limited £000 Solid fuel.... Oil Stores and sundry materials

Creditors includes £499,000 due to the Nanonal Coal Board in respect of drawings under a credit facility made available to AHS as part of solid fuel promotional activity. (v) Dividends payable Dividends payable at 26th December, 1981 comprised:-

(vi) Share capital
The share capital of AHS at 26th December, 1981 comprised:-Issued and A shares of £1 each B shares of £1 each C shares of £1 each . 100,000 100,000 100,000

300,000 400,000 Since 26th December, 1981 the following changes in share capital have taken place, or are proposed:—
On 28th April, 1982 each of the existing "A". "B" and "C" shares was redesignated as; and sub-divided into four Ordinary Stares of 25p each; the authorised share capital was increased to £2,500,000 by the creation of 8,400,000 new Ordinary Stares of 25p each were issued, credited as fully pand, to existing shareholders by way of capitalisation of share premium account £50,000 and revenue reserves £1,450,000. It is proposed that a further 800,000 new Ordinary Stares of 25p each will be issued and subscribed by S. G. Warburg & Co. Ltd. before being offered for sale to the public.

(vii) Deferred taxation
Potential taxation liabilities, which are not expected in crystallise in the future, exist in respect of:-

Accelerated capital allowances
Anticipated relief on expenditure not deductible for tex purposes until later years

Associated Heat Services Plc

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(vin) Capital commitments

The Board of Directors had authorised future capital expenditure at 26th December, 1981 for which comments have been placed amounting to 5376,000. The Board had also given general approval under normal budgeting procedures, which is subject to ultipate authorization by the Managing Director, for further capital expenditure which had not been contracted at 26th December, 1981 amounting to £190,000.

(ix) Share issue expenses

(ix) Share issue expenses

Costs surrivumble to AHS in connection with the proposed Offer for Sale are estimated to be 1325,000, for which no provision has been made in these accounts. The Directors intend that these costs will be offset against the thare premium account that will arise on the issue of the new Orderary Shares.

Current cost accounts 1. Accounting policies

The current cost accounts have been prepared in accordance with SSAF 16 and, except as stated below, under the ne accounting policies at these adopted for the historical cost accounts, as set out above.

(ii) Cost of sales adjustment
The cost of sales adjustment is the difference between cost calculated on the first-in, first-out method under historical cost convention and the estimated cost is, using normal sources and methods of supply, the products sold and fuel consumed had been acquired at the time of sale.

(iii) Monetary working capital adjustment Monetary working capital adjustment has been calculated using the average method to allow, in the profit and loss account, for the effect of price changes on the monetary working capital of AHS, which compelses trade debturn less trade

(iv) Depreciation adjustment

Additional depreciation has been calculated by applying price indices to the historical cost depreciation in order to charge profit and loss account with depreciation at a rate which reflects current costs.

(v) Gearing adjustment

The gearing adjustment represents that part of the current cost operating adjustment which is financed by borrowings, principally taxabord, rather than by shareholders' funds, it is calculated by applying to those adjustments the proportion which average net borrowings bears to the total of act borrowings and shareholders' funds.

(vi) Valuation tradicion

(vi) Valuation policies

Fired assets are stated at current replacement cost calculated by applying price indices to the historical cost net book amount. Stocks are stated at current replacement cost calculated by applying price indices. 2. Profit and loss accounts

. The profit and loss accounts of AHS for the financial year ended 25th March, 1981 and the 39 weeks ended 26th December, 1981 were as follows:--

				•	Non		Figural year ended 28th Merch, 1961 2000	39 weeks ended 26th December, 1981 £000
Historical cost profit before interest and taxal	ios	••	••	••	_		2,337	1,851
Current cost operating adjustments	••	••	••	••.	Ø.		484	576
Current cost operating profit	••		••	••			1,853	1,275
Net interest receivable	••		••				159	123
Gearing adjustment	••	••	••	••				65
Current cost profit before taxation							2,012	1,463
Taxmion	•	•••					1,000	789
Current cost profit available for distribution.							1,012	674
Dividends	••		••	••	<u></u>		300	0,7
	. • •	• •	• •	••	(3)			
Current cost result for the period	••	••	••	••			712	674
Corrent cost earnings per share	••		••	••	(EE)		14.1p	9.4p
Notes on profit and loss accounts (i) Current cost operating adjustments	•							
							£000	\$2000
Depreciation adjustment		••			••		134	103
Cost of sales adjustment.		•	••				136	121
Monetary working capital adjustment		••		• •		••	214	352
							484	576
(ii) Dividends								adamat on Ofic

An interim dividend for the financial year ended 27th March, 1982 amounting to March, 1987, and paid on 26th March, 1982, but has not been reflected in these accounts. ing to £300,000 was declared on 25th (iii) Current cost earnings per share

Current cost earnings per share have been calculated on the ?,200,000 Ordinary Shares of 25p each which will be in

 Balance sheet The balance sheet of AHS at 26th 	Deces	aber, 19	81, pre	pared u	nder ti	e current cost	convention, was as i	oliows-
						Note	2000	2000
Fixed assets		••		• •	••	Q		2,731
aterest in subsidiaries		••	••	• •	• •			ı
Advance corporation tax recoverable Net current assets	•-	••	••	. ••	••			96
Stocks	••			·			7,891	
Monetary working capital (net)		••	••		••		3,934	
Bank borrowings (net)	••		••	••	••	•	(100)	
Taxation			••		••		(855)	
Dividends payable		••	••	•-			(225) (3%)	
Other current liabilities (net)	- 4	••	••		٠		(398)	
Net current assets				_				4,241
Act Centent assets	••	••	••	• •	••			
								7,069
Replacement guarantee provision	••	••	•-	••	•••			1.199
Net tangible assets	••	••	••	••	••			5,870
Financed by:							•	
Share capital								300
Share premium account					•••		1,215 4,305	
Current cost reserve						(3)	1,215	
Other reserves						••	4,305	
VIII. 11 11 11	••	-						5,570
								5,870
Shareholders' funds	••	••	. ••	••	••		,	3,870
Notes on the balance sheet.								
i) Fixed assets						91.0		Ne
						Reference		buol
•						COST	Deprecimina	300000
						2000	0000	\$3000
				•		. 226	44	182
Freehold and leasehold properties	• •	••	••	••	••		2.209	. 2,549
Plant, equipment and vehicles-	• •	• • •		••	••	4,758		
	٠.		•			4,984	2,253	2,731

Appendix I-Estimates for the year ended 27th March, 1982

1. Bases and assumptions
The estimates of under, profit and earnings of the Company and its subsidiaries for the year ended 27th March, 1982
included in this Offer for Sale are based upon audited results for the 59 weeks ended 26th December, 1981 and unsadded
results shown by management accounts for the 13 weeks ended 27th March, 1982.

Revaluation of assets
Cost of sales adjustments
Monetary working capital adjustment
Geating a dinstructure

It has been assumed that no material adjustment to the management accounts will arise during the audit and that no reseen event will occur before the date of issue of the audited accounts which will require any material adjustment.

Reports
The following are copies of reports to the Directors of AHS relating to the estimates for the year ended 27th March,

(a) Letter from the auditors and reporting accommants dated 28th April, 1982;-

The Directors, Associated Figar Services Pic, ? Salisbury Road, Wimbledon

(a) Current cost reserve

London SW 194EZ

Gentlemen.

We have reviewed the accounting bases and calculations for the estimates of rumover, profit and earnings (for which We have reviewed the accounting bases and calculations for the estimates, so far and earnings (for which your, as Directors, are solely responsible) of Associated Heat Services Plc ("AHS") for the financial year ended 27th March, your, as Directors, are solely responsible to the Appendix I of the estimates, so far as the accounting bases and calculations are concerned, have been properly compiled on the footing of the assumptions set out in Appendix I of the accounting policies adopted by AHS.

Offer for Sale, and are presented on a basis consistent with the accounting policies adopted by AHS.

Yours intributly,

Ernst & Whinney,
Chartened Accountments.

(b) Letter from S. G. Warburg & Co. Ltd. dated 28th April, 1982:-

The Directors, Associated Heat Services Plc, Salisbury Road,

London SW194EZ.

منت نشر ندوز المية

We have discussed with you and with Ernst & Whinney the estimates of turnover, profit and earnings of Associated We have discussed with you and with Ernst & Whinney the estimates of turnover, profit and earnings of Associated Hent Services Pic for the financial year ended 27th March, 1982. We consider that such estimates (for which you, as Directors, are solely responsible) have been made after due and careful enquiry.

Yours faithfully, for S. G. WARBURG & CO.LTD., A. C. R. Elliott, Director.

28th April, 1982.

Yours faithfully, Erest & Whinner

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Appendix II stutory and general information

L Share expital

(i) AHS was incorporated in England as a private company on 8th July, 1966, under the Companies Act 1948, and was

(ii) AHS was incorporated in England as a private company on 8th July, 1966, under the Companies Act 1948, and was

re-registered as a public company on 21st April, 1982. Its registered number is 883151. (ii) There have been the following changes in the authorised and issued share capital of the Company during the two years receding the date of this Offer for Sale:-

(a) by or pursuant to Special Resolutions passed on 28th April, 1982, each of the existing 153,334 "A" Class Shares of £1 each, 133,333 "B" Class Shares of £1 each and 133,333 "C" Class Shares of £1 each in the share capital was reflected as and sub-divided into four Ordinary Shares of £25 each; the authorised share capital of £400,000 of AHS designated as and sub-divided into four Ordinary Shares of 25p each; and 6,000,000 new was increased to £2,500,000 by the creation of 8,400,000 new Ordinary Shares of 25p each; and 6,000,000 new Ordinary Shares of 25p each are to their Ordinary Shares of 25p each were issued, credited as fully paid, to existing bolders of Ordinary Shares, pro rate to their existing holdings, on the basis of 5 new Ordinary Shares of 25p each for each Ordinary Share already held, by way of creating holdings, on the basis of 5 new Ordinary Shares of £5p each for each Ordinary Share already held, by way of creating holdings of the credit of share premium account and £2,450,000 standing to the credit of revenue reserves:

revenue reserves;
(b) under the terms of the Sale and Subscription Agreement, referred to in paragraph 6 of this Appendix, S. G. Warburg & Co. Ltd. conditionally agreed on 29th April, 1982 to subscribe for \$00,000 new Ordinary Shares of 25p each of AHS & Co. Ltd. conditionally agreed on 29th April, 1982 to subscribe for \$00,000 new Ordinary Shares of 25p each of AHS at a price per share equal to 3.45p below the striking price under the Offer for Sale.

(iii) Immediately following this Offer for Sale, the authorised share capital of the Company will be £2,500,000 divided into 18,000,000 Ordinary Shares of 25p each. The issued share capital will be £2,000,000 divided into 8,000,000 Ordinary

(iv) cave as unclosed in sub-paragraph (ii) according to the subsidiaries has been issued within the two years immediately (a) no share or loan capital of the Company or of any of its subsidiaries has been issued within the two years immediately preceding the date of this Offier for Sale or is now proposed to be issued, fully or partly paid, either for cash or for a preceding the date of this Offier for Sale or is now proposed to be issued, fully or partly paid, either for cash or for a (iv) Save as disclosed in sub-paragraph (ii) above:-

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries within the two years immediately preceding the date of this Offer for Sale in connection with the issue or sale of any share or loan capital of such companies; and
(c) no capital of the Company or of any of its subsidiaries is under option or agreed conditionally or unconditionally to be not made option.

(v) By a Special Resolution of the Company passed on 28th April, 1982:-

(a) the Board was generally and unconditionally authorised pursuant to Section 14 of the Companies Act 1980 for a period of five years from that date to allot unissued shares up to a maximum nominal amount of £2,200,000 of which £1,700,000 has been allotted as described in sub-paragraph (ii) above; and (b) the Board is empowered, pursuant to Section 18 of the Companies Art 1980, to allot shares persuant to the above

the Board is empowered, pursuant to Section 18 of the Companies Art 1980, to allot shares pursuant to the above authority as if Section 17 (1) of that Act did not apply. This power expires on 31st December, 1983 and is limited to: the allotment of shares to or to the order of S. G. Warburg & Co. Ltd. pursuant to the Sale and Subscription Agreement referred to to paragraph 6 of this Appendix; allotments in connection with rights issues pro rate to Ordinary Shareholders; or otherwise to the allotment of a maximum of \$125,000 nominal amount of share capital. (vi) No material issue of shares of the Company (other than consequent upon an offer to shareholders pro rate to their tisting shareholdings) will be made within one year of the date of this Offer for Sale without prior approval of the Company

(vii) Following this Offer for Sale, 2,000,000 Ordinary Shares of 25p each of the Company will remain unissued but no (viii) Following this Offer for Sale, 2,000,000 Ordinary Shares of 25p each of the Company will be made without prior approval of the issue of such shares which would effectively alter the control of the Company will be made without prior approval of the

Company in General Meeting. ucces or responsation.

The Articles of Association of the Company contain, inter alia, provisions to the following effect:— 2. Articles of Asso

Voting rights

Subject to any terms as to voting upon which any shares may be issued, or may for the time being be held, at any Subject to any terms as to voting upon which any shares may be issued, or may for the time being be held, at any Subject to any terms and on a poll every Member General Meeting every Member present in person shall have one tote on a short of share capital of which he is the holder. The duly authorised shall have one vote for every 25p nominal amount of share capital of which he is the holder.

representative of a corporate Member may exercise the same powers on behalf of that corporation as it could exercise if it were an individual Member. A Member is not entitled to rote unless all calls due from him have been paid, or in respect of any shares held by him in relation to which he or any other person appearing to be interested in shares has been duly served with a notice under Section 74 of the Companies Act 1981 and fasts to supply the Company with the information thereby required within the period specified in stath outset, being not less than 28 days from the date of server of such points.

Power in appoint Directors For as long us it shall hold 20 per cent, or more in nominal amount of the issued Ordinary Share emand of the Company each of the NCB and CCC shall be entailed to appoint up to two Directors and to remove them. Directors so appeared are not subject to retirement by rotation.

Directors

(2) Subject to any Ordinary Resolution of the Company, the Directors shall be not less than three nor more than lifteen

(b) Save as mentioned below, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in observe or debenution of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any esolution on which he is debarred from toxing.

(e) A Director (in the obsence of material interests other than those indicated below; shall be entitled to yote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely: (i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the

request of or for the benefit of the Company or any of its subsidiaries; (a) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares or debenques or other securities of or by the Company or any of its subadjuries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting of sub-underwriting thereof; (ii) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or standarder or otherwise howsoever, provided that he is not theholder of or beneficially interested in one per cent, or more of any class, of the cruity share capital of such company (or of any third company through which his interest is derived) or of the varing rights available to members of the relevant company.

(any such interest being deemed to be a material interest in all carcumstances ; (r) any proposal concerning the adoption, modification or operation of a superannuation final or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approved by the Board of Inland Revenue for assurant purposes, and

(vi) any arrangement for the benefit of employers of the Company or any of its subsidiaries under which he may benefit in a similar manner to employees. (d) Where proposals are under consideration concerning the appointment (including fixing or varying the term

Where proposals are unuser consideration concerning the appearament (including using or varying the terms of appearament of two it more Directors to offices or employments with the Company is one company in which the Company is interested, such proposals may be divided and considered in relation to each Director reparately and in such case each of the Directors concerned (if not debarred from voting under the provise to paragraph is (iv) above) shall be entitled to vote (and be counted in the quartum; in respect of each resolution except that concerning the same proportions.)

his own appointment.

It my question shall arise at any meeting as in the materiality of a Director's interest or as in the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstan from voting, such question shall be reterred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature of extent of the interests of the Director concerned have not been fairly shall be fined and.

(i) The Company may by Ordinary Resolution suspend or relat the above provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

transaction not duly authorised by reason of a contravention of such provisions.

(2) A Director shall not be required to hold any sharet of the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

(b) The Directors (other than those who shall for the time being hold an escattive office or employment under the Company or any subsidiary) shall be paid such remaneration for their services as Directors as may be determined by the Buard save that, unless otherwise approved by the Company by Ordinary Resolution, the aggregate amount of such remaneration to all Directors shall not exceed 160,000 per annum. The Directors shall also be entitled to be repaid by the Company all such reasonable travelling fincluding botel and incidental; expenses as they may incur in attending meetings of the Board, or denoral Meetings, or which they may otherwise properly incur in or about the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remaneration by way of salary, percentage of profits or otherwise as the Roard may determine.

(1) The Directors may they the establishment or maintenance of schemes or otherwise) pay or promute the payment of pensions, annuities, allowances, gratinines or other benefits to or for the benefit of past or present Directors or employees of the Company or any of its subsidiance, or any company assarined with, or any business acquired by, any of them, or to or for the benefit of persons, who were related to or dependents of any such Directors or employees.

(i) No person shall be or become incapable of being appointed a Director by reason of his having arrained the age of seventy or any other age, nor shall special rotice be required in connection with the appointment of such person and no Director shall wente his office at any time by reason of the last that he has arrained the age of severny or any

other age.

The Board shall restrict the borrowings of the Campany and exercise all voting and other rights or powers exercisable by the Company in relation to its subsidiaries so as to secure (as regards subsidiaries so far as by such exercise it can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group (being the Company and its subsidiaries for the time beings exclusive of moneys borrowed by any member of the Group from and for the time being owing to any other member of the Group, shall not at any time without the previous sanction of an Ordinary Resolution of the Company exceed an amount equal in twice the aggregate of the amount poid up on the issued share capital of the Company and the amount standing to the credit of the consolidated capital and revenue reserves of the Company and its subsidiaries (including retained earnings), all as shown in the latest making consolidated bulance sheet for the Company and its subsidiaries but after making certain adjustments specified in the Articles.

3. Subsidiary companies
The subsidiary companies of AHS, none of whose share; are listed on a stock exchange, all of which are wholly owned and all of which are dorman, except for A.H.S. Leasing Limited which has two small current leasing contracts), are as follows:-

Issued Share Capital Name:
A.H.S. Leasing Limited
Associated Heat Services (Central) Limited
Associated Heat Services (Northern) Limited
Associated Heat Services (Southern) Limited England, 31.12.1971 England, 2.12.1965 England, 15.10.1968 England, 27.11.1969

4. Directors' interests

(i) No Director of AHS has any beneficial or non-beneficial interest, as defined by the Companies Art 1967 (as amended), in the share capital of AHS or any of its subsidiaries.

in the same capital of Arts of any of its suparation.

(ii)(a) No Director of Arts has not has had any interest in any assets which, within two years before the date of this Offer for Sale, have been, or are proposed to be, acquired or disposed of by, or leased to, the Company or any of its subsidiaries.

(b) No contract or arrangement subsists in which a Director of Arts is materially interested and which is significant in relation to the business of the Company and its subsidiaries taken as a whole.

relation to the business of the Company and its subsidiaries taken as a whote.

Mr. B. Chad Smith has a service agreement with AHS the term of which commenced on let April, 1981 and will terminate on let April, 1984. The salary presently payable to Mr. Chad Smith under this agreement is £19.482 per annum. Save as aforesaid, there are no existing or proposed service contracts between any of the Directors of the Company and AHS or any of its subsidiaries, other than service contracts expiring or determinable by the employing company within one year without payment of compensation other than statutory tempensation.

In the year ended 27th March, 1982 the aggregate remuneration of the Directors amounted to £21,083. The aggregate remuneration in respect of the year ending 26th March, 1983 is expected to amount to £94,000; the increase over the 1981/62 figure will result in the main from the appointment as Directors on £8th April, 1982 of three of the principal executives of the Company, note of whom were for standary purposes Directors prior to that date.

the Company, now in another sets

5. Other significant interests of the NCB and CGC which will, on completion of this Offier for Sale, each beneficially own

2,400,000 Ordinary Shares of 25p each (30 per cent, of the issued Ordinary Share capital), the Directors are not sware of
any shareholdings, which, following the Offier for Sale, will represent 5 per cent, or more of the issued Ordinary Share capital. 6. Sale and Subscription Agreement

6. Sake and Subscription Agreement.
S. G. Kwhung & Co. Ltd. ("Warburgs") has agreed, subject to the Council of The Stock Exchange admining the Ordinary Shares of the Company to the Official List not later than 12th May, 1982, to purchase from Cory a total of 2,400,000 Ordinary Shares, and to subscribe 800,000 new Ordinary Shares, in each case at a price per share equal to 3.45p per share below the striking price, and to offer all such shares for sale to the public by tender at a minimum tender price of 230p per below the striking price, and to offer all such shares for sale to the public by tender at 0 minimum tender price of 230p per share. The costs and expenses of and incidental to this Offer for Sale include the cost of preparing, printing, circultaing and advertising this prospectus and other documents in connection therewith, the increase in and reorganisation of the share capital of the Company and associated capital dety, the adoption of new Articles of Association, all accounting and legal expenses, the receiving bankers' and registrars' fore and expenses, the fees payable to The Stock Exchange and a fee to Warburgs. These costs and expenses are estimated to amount to £475,000 (exclusive of Vilue Added Tax) and will be borne war outer thirds by AHS and at to one third by Cory, save that AHS will bear the capital duty and listing fees. Warburts will pay commissions to underwriters of 1% per cent. on the minimum tender price of each share and a commission to the brokers. Cory will pay all ad valorem stamp duty on the transfers to the ultimate purchasers of registered shares included in the Offer for Sale and its own legal expenses.

The following contract, not being a contract emered into in the ordinary course of business, has been emered into I we years immediately preceding the date of this Offer for Sole and is, or may be, materials— Dated 29th April, 1982 between Cory and others (i), the NCB, Cory and CGC (2), the Directors (3), the Company (4) and Warburgs (5), being the Sale and Subscription Agreement referred to in paragraph 6 above.

The Company owns one freehold property and leases or has licenses in respect of twenty premises throughout the United Kingdom, at annual costs (except as stated below) of between £250 and £7.000. The tenure of the premises (other than those listed below) varies from one month's notice to approximately £5 years. The total annual rental and licence costs of all premises (other than freehold property) was approximately £115,300 × at £7th March, 1982.

Details of AHS's freehold and principal longer less shold premises are as follows:-Tenme 3,700 sq. fr. of offices together

Head Office. 2 Salisbury Road, Wimbledon. London SW194EZ 25 year lease from 25th December, 1981 at an annual rental of £29,000 subject to rent reviews in every fifth year. North Yorkshire Area Office, Freehold

Crofton, Wakefield WF4 IFE 21 year lease from 20th West Landon Area Office, 3-10 Wood Lane, rental of £18,000 subject to rent Jakworth, Middlesex TW7 SER reviews in every third year. East London Area Office, Unit 7, 25 year lease from 2nd May,

1978 at an annual rental of £13,800 subject in rent reviews Bermondsey Trading Estate, Rotherhithe New Road, an four year intervals until 1990 and thereafter at three year intervals, the next falling due in May 1982. Bermondsey, London SE16 3LL

eq. (t. of workshops and stores, together with our park space. 2,179 sq. ft. of offices, 4,498 sq. ft. of workshops and mores, ther with car park space.

with car park space.

8,000 sq. fr. of offices,

4,800 sq. fr. of workshops, 5,000 sq. fr. of stores together

2,179 sq. ft. of offices, 4,500

The Company has not since its incorporation been a close company, as defined by Section 282 of the Income and Corporation Taxes Act 1970, and following the Offer for Sale with not be a close company.

(ii) So far as the Directors are sware, no litigation or claims of material importance are pending or threatened against the Company or any of its subcidiaries.

(iii) Warburgs and Ernst & Whinney have given and have not withdrawn their written consents to the issue of this Offer for Sale with the inclusion herein respectively of their letter and their letter and report and the references thereto and to their names in the form and content in which they are respectively included.

and to their matters in the sorth and content in which they are respectively included.

(iv) The documents attached to the copies of this Offer for Sale delivered to the Registrar of Companies for registra where the written concents referred to in sub-paragraph (iii) above, the statement of Ernst & Whinney setting our adjustments made in arriving at the figures contained in their report (as set out herein) and giving thereasons these copies of the application forms and copies of the material contrast referred in in paragraph 7 above. (v) A Certificate of Exemption has been granted by the Council of The Stock Exchange pursuant to Section 39 of the

11. Documents available for inspection The Sale and Subscription Agreement and copies of the following documents may be inspected at the offices of Freshfields, Grindall House, 35 Newgate Street, London ECLA 7LH and Ronald V. Cowies. Hobart House, Grosvenor Place, London SWIN 7AE during usual business hours on any weekday, Saturdays and public holidays excepted, for a period of fourteen days following the date of this Offer for Sale:—

(i) the Memorandum and Articles of Association of the Company

(ii) the audited accounts of AHS for the two years suded 28th March, 1981 and nine months ended 26th December, 1981; (iii) the Accountants' Report and statement of adjustments relating thereto;

(iv) the service agreement mentioned in paragraph 4(iii) above; and (v) the letters and written consents referred to in paragraph [0,iii) above.

Dated 29th April, 1982

Procedure for application

Applications must be for a minimum of 100 shares and thereafter for the following multiples of shares:-

Applications for not more than 1,000 shares: in multiples of 100 shares; Applications for over 1,000 shares and not more than 10,000 shares: in multiples of 500 shares:

Applications for over 10,000 shares and not more than 25,000 shares: in multiples of 1,000 shares; Applications for over 25,000 shares and not more than 100,000 shares: in multiples of

5,000 shares; Applications for over 100,000 shares: in multiples of 10,000 shares.

 Applications must be made on the accompanying Application Form at the minimum tender price of 230p per share or at any higher price which is a whole multiple of 5p. Applications must be forwarded to Regis Securities, Balfour House, 390/398 High Road, llford, Essex IGI INQ, so as to arrive not later than 10 a.m. on Friday, 7th May, 1982, or may be lodged by hand at Regis Securities, Eldon Street House, Eldon Street, London EC2P 2AY by that

Each application must be accompanied by a separate cheque or banker's draft for the full amount of the price tendered (drawn in sterling on a bank or branch thereof in, and payable in, England, Scotland or Wales or drawn on a clearing bank branch in the Channel Islands or the Isle of Man). Cheques or bankers' drafts must be made payable to "Regis Securities" and crossed "Not Negotiable". S. G. Warburg & Co. Ltd. reserves the right to present all cheques for payment on receipt and to retain Letters of Acceptance and surplus application moneys pending such clearances. Due completion and delivery of an Application Form accompanied by a cheque will consultate a warranty that the cheque will be hoooured on first presentation; attenuon is drawn to the declaration in the Application Form to that effect. Applications will be irrevocable until 14th

Subject as aforesaid and as mentioned below, applications will be accepted on the following basis:

(a) All shares for which applications are wholly or partly accepted will be sold at the same price ("the striking price"), which will not be less than the minimum tender price of 230p per share. The striking price will not necessarily be the highest price at which sufficient applications (including applications at higher prices) are received to cover the total number of shares offered under the Offer for Sale. In deciding the striking price and the basis of allocation, S. G. Warburg & Co. Ltd. will have regard to the need to establish a market in the shares, for which purpose a reasonable number of shareholders is required.

(b) S. G. Warburg & Co. Ltd. reserves the right to refuse any application, in whole or part, regardless of the application price; multiple applications at any one price are liable to be

(c) Applications for shares at prices less than the striking price will receive no allocation of

(d) If applications are received for less than the total number of shares offered, the striking price will be the minimum tender price of 230p per share. (e) The striking price and the basis of allocation will be announced on or as soon as possible

after 12th May, 1982. Prefereoual consideration will be given to applications received from employees (incloding executive Directors and retired pensioners) of the Company up to a total of 250,000 shares if made on the special pink application forms made available to them. These will specify the amount of money to be expended, rather than the number of shares applied for, and will confer prefereotial coosideration for such number of shares per employee as, at the striking price, can be

purchased for a maximum of £20,000. Shares reserved for applications received from employees

will be allocated to them at the striking price. In the event of excess applications from employees, the basis of allocation will be decided by S.G. Warburg & Co. Ltd. Acceptance of applications will be conditional on the Council of The Stock Exchange admitting the Ordinary Shares of the Company to the Official List not later than 12th May, 1982.

Moneys paid in respect of applications will be returned if such coording is not satisfied and in the meantime will be retained by Regis Securities in a separate account. If any application is not accepted or is accepted for fewer shares than the number applied for or is made at a price higher than the striking price, the application moneys or the balance thereof, as the case may be, will be returned through the post at the applicant's risk. It is expected that Letters of Acceptance will be

posted to successful applicants by Thursday, 13th May, 1982. Arrangements have been made for the registration by the Company of the shares now offered for sale, free of stamp duty, in the names of applicants or persons in whose favour Letters of Acceptance have been renounced, provided that, in cases of reounciation, Letters of Acceptance (duly completed in accordance with the instructions contained therein) are lodged for registration oot later than 23rd June, 1982. Share certificates will be issued on 23rd July, 1982.

Copies of this Offer for Sale with Forms of Application may be obtained from:-S. G. Warburg & Co. Ltd., City Gate House, 39-45 Finsbury Square, 30 Gresham Street. London EC2P 2EB. London EC2A IJA. Outside Loodon, copies are available from the following branches of National Westminster Bank PLC:-Colmore Centre, 103 Colmore Row, 262 Union Street. Birmingham B3 3NS. Aberdeen AB1 ITP. **80 George Street** 32 Corn Street. Bristol BS99 7UG. Edinburgh EH2 3DZ. 2 Park Row 14 Blythswood Square, Leeds LSI 1QS.

55 King Street,

Manchester M60 2DB.

APPLI	CA:	FIC	N,	FO.	RM

Glasgow G2 4AQ.

22 Castle Street

518700

0012

Liverpool L69 2BE.

The application list for the Onlinery Shares now offered for sale will open at 16 p.m. on Friday, 7th May, 1982 and may reed at any time thereafter. be closed at any time thereafter.

This Form, duty completed, together with a cheque or banker's draft (drawn in sterling on a bank or branch thereof in, and payable in, England, Scorland or Wales or drawn on a clearing bank branch in the Channel Islands or the Isla of Man) made payable to "Ergis Scourines" and crossed "Not Negotiable, representing payment in full at the price lendered, should be indeged with Regis Securities, Bellow Home, 390/393 High Road, Blood, Esce, 107 1NQ and later than 10 n.m. on Friday, 7th May, 1982 or may be lodged by hand at Regis Securities, Eldon Street House, Eldon Street, London, ECP 2AV by that date and time, A separate cheque or banker's draft must accompany each application, No application can be considered unless these conditions are fulfilled, All chaques are liable to be presented for payment.

Associated Heat Services Plc (Incorporated under the Companies Act 1943, No. 383131)

Offer for Sale by Tender by S. G. Warburg & Co. Ltd. of 3,200,000 Ordinary Shares of 25p each

at a minimum tender price of 230p per share, payable in full on application. Application: must be for a minimum of 100 shares or for the following multiples of chares. Applications for no a more than 1,000 shares: in multiples of 100 shares. Applications for over 1,000 shares and not more than

applied tor, price per share at which applied for, and amount of arached cheque	charest in multiples analtiples of 5,000 to the resident tour	nt 1,000 shares. Applications for over 25 chares. Applications for over 100,000 sh a be 230p, or a higher price which is a w an he considered and the right is reserve	r (ver 10.499) thares and 11st more than 25.0, 5.000 thares and not more than 100.000 shares; ares to multiples of 10.000 shares. The poke p bale multiple of 5p. No application for any oth d to reject any application, in particular multip
★Number of	**Price per	***Amount undered	For Office Use Only
applied for	which applied for	AXX. Institute Exercit	L. Acceptance Letter No.
		£	Z. No. of shorts accepted
Please	mentioned wm + 1	RG & CO. LTD. cacheque or banker's draft for the above- tyle, being the amount payable in full or above stated number & of Ordinary	£
cheque bere	Shares of 25p each Company" at the 2/We offer to purch terms of your Offe	of Associated Hust Services Ple ("the above indicated price \$\forall per share, the that months of uch shares on the for bate dated 29th April, 1982 and orandom and Arneles of a sociation of	4. Amount payable £
	the Company and I/ the same or any le application may be	oranum and Articles of Washearen to he hereby undertake undagtee to necept here number to respect of which this e accepted at the striking price. (We uto moente or tou names sits be place)	5. Amount returned
	such of the and sha renounced, and and of Accentance in re	dembers of the Campuny as holderts of members of the right to which is no reflectively notice you to send a rem uncertile Letter spect thereof, analor a cheque for any by post at mylour risk to the address low.	a. Langue: vo.
	Sphjeet to the condi- 25p each of the Con- this paragraph shall	tions of the said Offer for Sale for an are opany, I/we agree that this application w constitute a collateral contract between	eing to accept applications upon the terms at respace another of § 200,000 Folianry Shares half be urevocable until 14th Alar, 1982 and the me/uv and S. G. Warburg & Co. Ltd. which she his application form to Regio Securities du

give onderstand that due completion and delivery of this Applica cheque will constitute a warranty that the cheque will be honoured acknowledge that the Letters of Acceptance and cheques for any man pending clearance of amilicants have been supported to the contract of amilicants.

Surgame (Mr., Mrs., Mrs., Mrs., or Tule) Address (in full) (In the case of Joint Applications all further applicants must sign and complete below) Christian or Forename; \$1 (III) my zarbbA

May, 1982 L. Signa

Christian or Forces Address (in full)

Mr., Mrs., Missor Tale... Address (in full)

A Corporation should sign under the hand of a duly authorised officer who should state his representative capacity.

No precipt will be issued for the payment on application, but an acknowledgement will be forwarded through the p-si in die course, either by a fully paid Letter of Acceptance for all the shares applied for, or by a fully paid Letter of Acceptance for all the shares applied for, or by a fully paid Letter of Acceptance for any striptic application money, or by the return by cheque of the application money, in each case at the risk of the application.

40

MONEY MARKETS

nervous calm

INTERST RATES showed little an increased desire to sell paper liquidity, although any general month, and the unwinding of a change in subdued Lundan maney ahead of the holiday weekend, trend is likely to reflect the permarket trading last week. The At the same time the overall total shortage of credit was situation was fairly quiet, and ground £750m, compared with this seems likely to remain the £2bn the previous week, and this case until the Falklands question helped to improve market sentinent, although conditions were market was faced with 2 shortage still completely overshadowed by no about £450m, but conditions the still complete to the shortage of the still complete to the shortage of the still complete to the shortage of the shortage of the still complete to the shortage of the still complete to the shortage of the Falkland Islands crisis. Were much easier later in the Ecnnomic news bas been very favmrable lately, including a downward trend in ioflation, and In Europe interest rates were downward trend in ioflation, and In Europe interest rates were under difficult circumstances 2 mixed, with Swiss rates declincut if up in 1 per cent could ing, but Freech rates showing probably be expected in the a slight reversal of the recent clearing bank hase lending rates.

In these nervous condiParis call modey rose to 16; per

unchanged at 132 per ceot, while seven-day funds fell to 123 per cent from 1332 per ceot.

In Amsterdam interest rates

Blile on offer...... £100m | £100m Tetal of

accepted bid.... £96.745

BANK OF ENGLAND TREASURY BILL TENDER

verage rate of discoun

tions the authorities were probably quite happy to see three cut of ½ per cent the previous month interbank money stay

In Amsterdam interest rates Discount houses reacted to the had a firmer time in reaction nervnus conditions by showing to the tightening of domestic

the D-mark.

formance of the guilder against U.S. interest rates were also nervous and volatile, but despite difficult conditions on Wednes

Conditions also tended to day and a sharp rise in Federal tighten in Frankfurt as a result funds rate on make-up day, nf the draining of money market market sentiment pointed towards funds through demand for com- a low trend and seemed premercial bank's reserve asset pared for any rise of up to \$30n requirements at the end of the in the weekly money supply.

. CHECH	Apr. 30	change	NEW YORK	Apr. 30	change
5 mth Interbank Treasury Sill Tendar Band 1 Bills Band 2 Bills Band 3 Bilts 3 Mth. Treasury Bills 1 Mth. Bank Bills	13 1258-13 1376-13 12.9765% 13.8 13.13 1276* 13.1376 13.1376	Unch'd Unch'd Unch'd Unch'd Unch'd	Printe retes Federal funde 3 mth Treasury Sills 6 Mth. Treasury Sills 3 Mth. CD	16½ 15¼-15½ 12,32 13,46 14,26 9.3 9.3 9.30	Unch'd +58 +10.04 +0.08 Unch'd -0.076 -0.05
TOKYD One month Sills Three month Sills	7.21873 7.09693	Unch'd	PARIS Intervention Rate 1 Mth. Interbank Three month	16 15 16 16 16	Unch'd
BRUSSELS Dne menth Three month	143 <u>.</u> 16	Unch d	MILAN One menth Three month	204 204	1e 1e
AMSTERDAM One month Three menth	87e 834 ·	+ 13 + 16	OUSLIN One month Three menth	201e 901a	-3g 3g
bend 3 balls 34 to 63 selling rates with the	days. Re money me c money r	etes quoi	4 days, band 2 bills ided represent Bank of other centres rates at and their respective of	England bi	deposit

WEEKLY CHANGE IN WORLD INTEREST RATES

FT LONDON

April 3D | April 23

£96.773

INTERBANK FIXING

3 months	U.S. dollare
bid 14 t5/18	offer 16 1/16
6 menths	U.S. dellers
bid 14 7/8	effer 16

five reference banks at 11 am each Westmenster Bank, Bank of Tokyo, Deutsche Sank, Sanque National de Parie and Morgan Guaranty Trust.

LONDON MONEY RATES

£100m

12,8354%

£100m

	Sterling Certificate of deposit	Interbank	Authority deposits	Local Auth. negetlable bonds	Heuse	Company Deposits	Market Deposits	Treasury	Bank Bills o	Trade Bills &
Overnight	_	1112-15	1234-1219		_	1219	111 ₀ .16	_	1	_
2 days notice	_	_	1318-134	: - 1	_	í —	. – :	_		_
7 days or		_	_	· - 1			. –	. –	: - :	_
7 days notice	-	195 ₆ 13	135		_	134	124-12և		1	_
One month	131g 13 ₁ 2 :	135g-131g	13 lg	144-14	1350	134	124-127	13-	13/4	14
Two menthe	13.2 13.6	13 % 13 %	-	141g-137g	15 ; •		124-19:	13-13%	13 ₄ -13 ₆	1334
Three months.	1354 1358	13 13	1358	i 14 le : 13 ia !	133,	141a	1234	13-13-4	1372	13%
Six menthe	133, 13.4	13 13 13 in	1358	134-154	1554		-		127e-127	1354
Nine monthe	135, 13 1	13 1 13.	_	141e-137e i	1334	. – :	. – :	-	- :	
One year		13, 13,	135a	. 14-1331	1334		I –	_	:	_
Two years			14			<u>' </u>	[-			–

The fixing rate (April 16) are the writhmatic means, rounded to the nearest

Local authorities and finance houses seven days' notice, othere seven days fixed, Long-term local authority mortgage
rates nominally three years 14½ per cent; four years 14½ per cent; five yea

and Birds months 12-th per cent, one marks 2000 and the finance Houses Association] 14 per cent from Mey 1 1982. London and Scottish Cleering Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10-4 per cent. Treasury 80is: Average tendor rates of discount 12-9765 per cent.

Certificates of Tax Deposit (Series 5) 13-4 per cent from March 6. Disposits withdrawn for each 11 per cent.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April SII	Starling	U.S. Dollar	. Canedian Deller	Outch Cuilder	Swiet Franc	D-mark	French Franc	Italian Lire	Seiglan Franc Cenv. Fin.	Yen	Krone Krone
5hort term 7 days' notice Month Three months Six menths Une Year	13 13 14 13 16 13 16 13 12 13 16 13 14 13 15 13 14 13 15 13 14 13 15	15 4-15 12 15 4-16 12 1478-15 18 1474-13 1474-13 1474-147	1514-1558 1514-1658 1514-1558 1514-1558 1572-1378 1578-1614 161A-1612	918-856 811-876 854-878 856-854 958-854 876-9	214-234 212-3 354-376 44-412 3-518 538-519	9/5-8/4 9/4-9/4 8/2-9/4 8/2-8/4 8/2-8/4 8/2-8/4	18-20 18-20 22-23-2 22-23-2 22-23-2 193-204	1712-1912 2314-2734 2412-26 2412-26 2412-2656 2412-2434 2312-2436	13.16 14 141g.131g 131g.18 1454.13 16.17 143g.14:g 161g.17 145g.16 1 161g.17 145g.147g 151g.161g 145g.147g	676-7 676-7 648-7 648-7-6 648-7-6	1312-1378 1914-1855 1972-2014 1876-2014 1876-19 17-1746

SOR linked deposits: one month 13½,13½, per cent; three months 13½,13½ per cent; six months 13½,13½ per cent; one year 12½,12½, per cent.

ECU linked deposits: one month 14½,14½ per cent; three months 14½,14½ per cent; six months 13½,13½ per cent; one year 13½,13½ per cent.

Asian S (closing rates in Singapore): one month 15½,15½ per cent; three months 14½,13½ per cent; six months 14½,15½ per cent; one year 14½,13½ per cent; one year 15½,15½ per cent; one year 15½,15½ per cent; five years 15½,15½ per cent; nominal closing rates. Short-term rates are call for U.S. dofters. Canadian deliers and Jeponese yen: others two days' notice

The following rates were quoted for London delier certificates of deposit; one month 14,60-14,70 per cent; three months 14,60-14,70 per cent; six months 14,50-14,50 per cent.

CURRENCIES AND GOLD

\$ and £ weak

STERLING ROSE against the doller, but lost ground to most other majnr currencies as nervousness increased about the Falkland Islands situation. The pund's trade-weighted index. Nations Security Council manaccording in the Bank of datory resolution on the Falklands fell in 89.6 from 89.9. In the European Manager of th

With sterling and the dullar both out of favour demand increased for the D-mark and the Japanese yen, although Inwer Swiss interest rates did not encourage huying of the Swiss encourage huying of the Swiss franc. The pnund fell to DM 4.1850 from DM 4.23 against the D-mark; to FFr 10.92 from FFr 11.0450 egainst the French franc. and to Y423.00 from Y427.50 in terms of the Japanese yen. In contrast sterlice rose to SwFr 3.5150 from SwFr 3.4850 against the Swiss franc.

FFr 6.09 from FFr 6.24, and tn Y235.85 from Y241.30.

The major factor to the

System the D-mark remained very firm, above its divergence limit, while the Italian lira fell helow the Belgian franc at the hnttom of the system.

The French franc was around the middle of the EMS, and showed little change overall as Period in the change between as Period toterest rates held steady. Gold rose \$9! to \$362, as the metal reacted pervously to the Falklands dispute and the weakness of the dollar. The metal touched a peak of \$364; on Monday and was also very firm on the state of the against the Swiss franc.

The dollar's index fell to 113.0 from 114.9 influenced by the lower treod in U.S. interest rates. The U.S. curreocy fell to DM 2.3330 from DM 2.3870. tn FFr 6.09 from FFr 5.24 and the London market. In New Islands came too late to affect the London market. In New York gold futures prices fell by the full \$25 daily limit down fullowing the news.

THE DOLLAR SPOT AND FORWARD

Day's spr∸ad	Close	thnom tnI	·% p.a.	Three months	7. p.a.
1.7875-1,8050	1,7930-1,7960	0.23-0.33c dis	-1.87	0.50-0.60dis	-1.23
1,4735-1,4875	1.4845-1.4875	0,56-0,46c pm	4,12	1.75-1.60 pm	4,51
	1,2190-1,2195	0.05-0.08c dis	-0.64	0.21-0.25dis	-0.75
	2.5880-2.5913	1.45-1.25g pm	6.49	4-10-4-00 Pm	6.25
	43.92-43.94	5-8c die			-1.96
	7.9225-7.9325	2.50-2.75ore dia	-3.97	7.75-8.25dis	-4.04
		1.27-1.17cf pm	6.27	3.57-3.47 pm	6.03
					-24.01
			-2.26	65-75 dis	-2.71
			-10.40	32-34 dis	-10.17
					-5.73
					-7.88
					2.07
					6.12
1.9430-1.96	1.9570-1.9580	1,90-1,80c pm			
	\$3/r4d 1.7875-1.8050 1.4795-1.4875 1.2130-1.2290 2.5765-2.5915 43.85-44.10 7.9170-7.9560 2.32-2.3370 70.60-71.20 103.40-104 1.293-1.1.3984 5.9550-5.99 8.0550-6.0925 6.7820-5.3075 232-236.30 18.33-16.435	\$27***:1 Close 1.7875-1.8050 1.7893-1.7950 1.4785-1.4875 1.8485-1.4875 1.2180-1.2290 1.2190-1.2195 2.5769-2.5915 2.5880-2.5913 43.85-44.10 43.92-43.94 7.9170-7.9560 7.9225-7.9325 2.32-2.3370 70.60-77.20 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 70.60 7	\$\frac{1.7875 \cdot 1.8050}{1.7930 \cdot 1.7930 \cdot 1.7930 \cdot 0.23 \cdot 0.33 \cdot cis \cdot 1.7835 \cdot 1.8475 \cdot 1.8475 \cdot 1.8475 \cdot 0.56 \cdot 0.45c \cdot pm \cdot 1.230 \cdot 1.2290 \cdot 1.2190 \cdot 1.2195 \cdot 0.05 \cdot 0.06 \cdot dis \cdot 0.56 \cdot 0.45c \cdot pm \cdot 0.56 \cdot 0.45c \cdot 0.45c \cdot 0.56c \cdot 0.45c \cdot 0	1.7875-1.8050 1.7930-1.7950 0.23-0.33c dis -1.87 1.2795-1.8875 1.2895-1.4875 0.25-0.08c dis -0.64 1.2190-1.2290 2.5883-2.5913 4.55-0.08c dis -0.64 2.5765-2.5915 2.5883-2.5913 4.55-1.250 pm 6.49 43.85-4.10 43.92-4.394 3.25-2.3335 70.60-71.20 70.60-71.00 70.60-71.00 70.60-71.20 1.2951-2.2931 107-121ire dis -1.281 1.2931-1.2931 1.2951-2.2931	1.7875-1.8050 1.7930-1.7950 0.23-0.33c dis 0.23-0.33c dis 0.24-1.8050 1.8845-1.4875 0.05-0.08c dis 0.05-0.08c dis 0.06-0.25 pm 0.64 0.21-0.25dis 0.79170-7.9560 7.9225-7.9325 2.50-2.3970 70.60-71.00 103.40-104 103.40-103.50 1.2961-1.2981 1.2

† UK and I:eland sie quoted in U.S. currency. Forward promuma and diacounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

April 30	Day's	Class	Ine month	p.4;	Three months	p.a.
u.s.	1.7875-1.8050	1.7930-1.7950	11.23-0.33c die	-1.87	0.50-0.60dis	-1.23
Canada	2.1790-2.1990	2.1035-2.1855	0.38-0.48c die	-2.36	1.00-1.10dis	-1.92
Nethind.	4.62-4.66	4.63-4.64	21 1 c pm	4.85	61-51 pm	3,07
Belgium	78.70-79.50	78.75-78.85	20-30c dis	- 3.81	55-70 die	-3.17
Denmark	14.20-14.32	14.26-14.27	6'-7'sore dis	-3.78	187-201 dis	-5.49
Irstand	1.2080-1.2160	1.2100-1.2120	0.54-0.66p dis	-6.95	1.68-1.84dis	
W. Gar.	4.1650-4.2050	4.1300-4.1900	2-11-pt pm	3.02	51.47 pm	-S.08
Portugal	126.25-127.75	126.50-127.00	195-560ore dis	-35.74	400-1215die	-25.43
5pain .	185.10-186.60	185.75-185.95	50-75c die	-4.04	175-210 dis	-4.14
Italy	2.317-2.333	2.329-2.331	221-251 line dis	-12.36	62-67 dle	-11.07
Norway	10.69-10.77	10.70-10.72	7's-8's are dis	- 8.68	94-10- diz	-3.59
France	10.89-10.95	10.91-10.93	7'-10'-c die	-9.89	23-27 dia	-9.18
Sweden	10.37-10.43	10.40-10.42	7e lace pro	0.58	2-11 ₄ pm	G.62
Japan	420-425	422 - 423 5	21-Zlay pm	6.74	63-63 pm	6.21
Austria	29.30-29.50	29.38-29.43	15-12gra pm	5.51	39-31 pm	4.69
Switz.	3.49-3.52	3.51-3.62	31-21c pm	10.24	87-74 pm	9.25
	-la-rata !- f		t E	I tone	SE 75 95 95	

9elgian rate is for convertible trancs. Financisl franc 65.75-85 85. Six-month lorward dollar 0.90-1.00c die. 12-month).60-1.80c dis.

Spot 1.7540 4.1550 10.9200 3.5150 423.0

ट्यामक टक्षका

44.5963 8.18382 2.41815 6.19564

2.67296 0.686799

89.6 113.0 88.1 118.2 93.6 84.1 124.7 147.9 116.5 79.6 54.0 138.3

+3.8 -17.8 +26.0 -1.4 -13.0 +48.1 +97.7 +22.1 -14.8 -58.4 +53.1

er. 1571.

CURRENCY MOVEMENTS

Belgien Franc ... Oanlah Krone ... German D-Merk French Franc ... Dutch Guilder ...

Sterling U.S. dollar Canadian dollar Austrian sohlling

FORWARD RATES AGAINST STERLING

1.7983 4.1675 11.0100 3.4850 420.6

EMS EUROPEAN CURRENCY UNIT RATES

2,12920 2,38307 2,21927 2,64672 0,690006

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. For Sterling/ECU rate see CURRENCY RATES table.

1.7955 4.1319 11.17 3.4338 415.2

1.8035 4.0838 ...11.3683

adjusted for divergence

+1.07 -0.38 -1.16 +0.67 -0.69 +0.72 +1.44

CURRENCY RATES

: Bank Special : rato Drawing : B - Rights

Canadian S. 15.32 - 1.24529
Austrie Sch. 64 18.5433 15.7847
8efglan F. 14 49.8184 45.0455
Danish Kr. 11 8.97240 2.12920
0 mark 2 2.63318 2.58507
Guilder 2 2.63318 2.58507
French Fr. 8tc 5.87913 5.81927
Ifra 5tc 265.883 240.961
Norwan, Kr. 9 9.75446 8.10840
Spanish Pts. 8 116.991 105.856
6wedish Kr. 10 5.36564 5.93218
Swiss Fr. 5tc 2.20907 1.99679
Greek Irich 2012 7.2814 54.1471

*C\$/SOR rate for April 29: N/A

12 mont 1,8110 3,9355 11,5213 3,2563 397,2

±1.5440 ±1.6428 ±1.1037 ±1.3743 ±1.5069 ±1.5629 ±4.1242

European Currency Units

Varch 31_

Chieffair Trast Man II, New St., ECZM 4TP.

送品 | 世麗

10 -11

charton Fund Managers(g) 23. Princes St., Manchester, 061-236 5685

GOLD MARKETS

Ap	rii 50) 4	rii 99
Gol	d Sullion (I)no ou	nce)	
Close	(£801 ½-2031 (£1991 ₂ -2001 (£192,979) (£200,918)	8360-361 8351-3513 ₄ 8352 \$348.73	£195-1961c) £197-19712 £197-586) £194-616)
Gold	1 Coine		
Krugerrand	IE205-906) (£1063; 1071;) 1£54 % 5478) (£281; 2278) 1£205-906) (£48-481;) (£541;-55) (£413;-48) 1£2411; 243) 1£190-1904; (£2451;-348)	\$360-361 9185-186 \$95-96 \$384-391 ₂ \$360-362 \$3841-85 \$88-99 \$98-99 \$761 ₂ -861 ₂ \$430-4331 ₄ \$3430-3411 ₄	(£200 14. 900 34 (£103-103 14 (£103-103 14 (£503 14. 53 11) (£211 12. 920 14. 9111 12 (£504 12. 55) (£541 12. 55) (£542 12. 448) (£238 14. 244) (£238 14. 247) (£234 12. 247)

OTHER CURRENCIES

April 30	£	8		£ Note Rates
Argentine Peso Austrella Cellar Brazil Cruzelro Finlend Merkka Greek Drochma Hong Kong Dollar ran Riel Kuwelt Dinar (KD) Luxembourg Fr Melaysia Dollar New Zealand Dir. Saudi Arab, Riyal Bingepore Doller. LA.E. Dirham.	1,5885 1,5885 272,90 279,90 8,1078-8,1394 18,589 16,595 10,411-10,44 145,40 0,509 0,513 78,73-78,83 4,114-4,124 9,3175-2,3915 6,116,17 5,7814-3,7654	0,9410 0,9420 154.84 155.61 4.3186 4.3370 61.66.65.54 6.8100 6,8150 82.00° 0.2848 0,2800 43,9243.94 2.2950 2,5000 1.2910 1.293 1.2910 1.293 0,900 2,1000	Selgium	29.35-28.60 86-86 10.87-10.97 4.165-4.19: 2290-9330 421-428 4.63-4.68 126-153 18019-183 18019-183 1819-184 3.49-3.68 1.78-1.91 8119-8816

	† Now one	rațe,	* Selling	rote.
XCHANGE	CROSS	RA	TES	
April 80	: Pound St'rii	noi II	S. Doller	1 Des

April āli	Pound St'rling	U.S. Doller	Beutschem'	k _i Japan'se Yer	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Ura	Canedia Dollar	Belgian Franc
Pound Sterling	0,367	1.7 94	4.185	425,B	10,99	3,513	4,635	2330.	2.185	78,80
U.9. Doller		1.	9.333	935,9	6.087	1,868	2,584	1299.	1,218	43,92
Deutshemerk	IL239	D.439	9,894	1D1.1	2,609	D.840	1,108	656,8	n.622	19.93
Japanese Yen 1,000	2,364	4.241		1000.	93,82	8,310	10,96	6508.	3.164	186,3
French Franc 10	0,818	1.643	3.832	387.4	1D.	3,919	4,243	2154.	2,000	72.16
Swiss Franc	0,284	D,610	1.181	120.3	3.107	1,	1,319	662.9	0,621	22.42
Dutch Guilder	0,215	0,387	0,903	91,26	2.336	1,758	1.969	502,7	D.471	17.00
Italien Ura 1,000	0,429	0,770	1,796	181,6	4.687	1,509		1000.	0.958	33,82
Canedian Dollar Beiglen Franc 100	0,458 1,269	0,821	1,916 6,311	193,6 536,8	4,999 13,86	1,609 4,461	2,122 6,882	1064. 2957.	9,772	38.07 100,

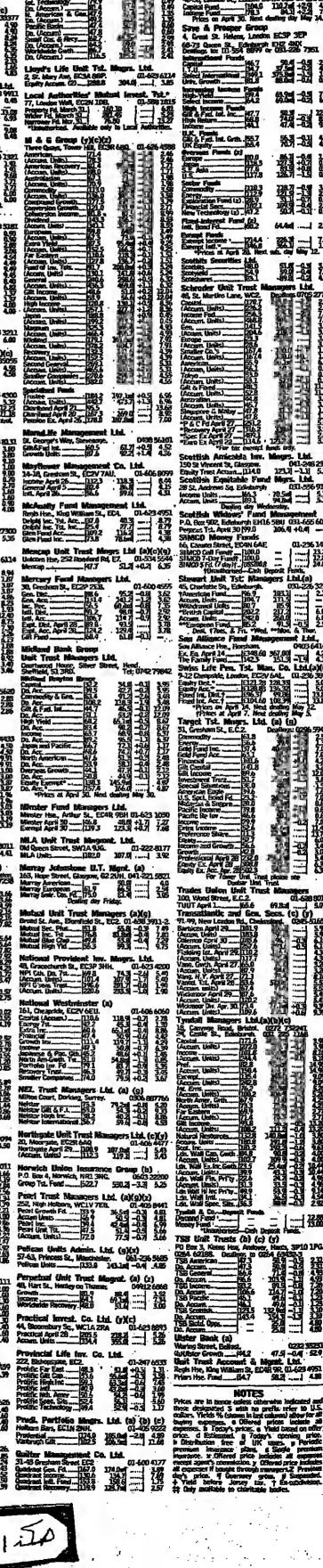
FT UNIT TRUST INFORMATION SERVICE

eral (Unit Tst., Magrs.) Ltd. Brestwood 0277 217238 1945 1843 -0.8 431 1170 1851 -0.2 431 11287 12536 -0.7.08

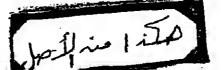
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أسيار سارات الرائد والإشمامية فياران والمعامر فالمتنافة فالمتافة فالأراث

FT UNIT	TRUST INF	UKMATIU
Abbey Unit Tst. Mingrs. (a) 72-80, Gatehouse Rt., Aylesbery 0296 5961.	AUTHORIS	SED TRUSTS
American Growth 60.5 65.1 -1.0 2.2 Capital 79.4 -2.64 -0.2 3.8 (Accumu Units) 75.5 54.8 -0.2 3.8 (General Units) 75.5 56.8 -0.2 3.8 (General Units) 75.5 67.9 -1.0 4.5 (General Units) 75.5	Betterday I note FC/N 53/7 MI_269.60	Kiehmert Benson Unit Managers 84 20. Fendarch St., EC3 III-623.800
Income 193 100 13 14 15 15 16 16 17 16 17 17 17 17	Canadan Exempt 513 345 22 Canadan Exempt 513 4894 11 21	78 KB Fd Inv. Tyls919 87.3 4.5
Affen Harvey & Ross Unit Tst. Magrs. 45, Combill, Loodin EC3V 3PB. 01-623 6324 AHR GM Trust	Gift Trust Westly desires day Westlerday	KE High Yid. Fd. Inc. 15.1 60.00
Affect Harming Link. (a) (g) Harming Histon, Brestwood, Essex Brestwood (0277) 21/099 & 229/123 Bahanted Franks Affect 1st	Crescent Unit Tst, Mages, Ltd. (a)(g) 4 Metrille Cres, Editorique 3 (23, 226, 246) Cres, American (21, 23, 1-22) Cres, Capatal (27, 26, 25, 1-20) Cres, High, Diss. (6, 7, 50, 24, 1-20) Cres, International (32, 2, 26, 1-20) Cres, Risperves (25, 1-20) Gran (32, 2-20) Gran	1 AC 101 A Gen Re. 1145 1185 +331 11
5 Srit. fact. Fund	Cres. Toleyo	2 Logal & General (Unit 7st., Magrs.) Lite 3 Raylaigh Rd., Brestwood 0277 2172 Equity Dis. 1945 1943 -0.2 43 Equity Acc. 1270 1983 -0.2 43 Cit. 1727 1955 - 7.0
Harmon Are, France 2001 2248 24 4.0	Davington, Tother, Deen 109-6.E. 0803-8622. Total Perf. Unit Ts. 122.5 25.Ant	71. GR
Cort. Secs	36/38 New Brind St, EC214 1/10. 01-698 440 Dec. Inc. April 29	Registrar's Dept., Corlog-by-See,
International 33 4 35.7 - 0.1 28 35.7 - 0.1 28 35.7 - 0.1 28 35.0	53, Pall Medi, London, SM, SJH. 00,980 215 tocome & Genth 77.9 23.24 -0.5 8.2 Special SM: 213 25.8 -0.7 2.3 E. F. Winchester Pund Mingt. Ltd.	Balanced 78.8 14.1 - 4.7 2.0 2.2 - 4.7 2.3 2.2 - 4.7 2.2 2.3 2.2 - 4.7 2.2 2.3 2.2 - 4.7 2.2 2.3 2.2 - 4.7 2.2 2.3 2.2 - 4.7 2.2 2.3 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2
Smaller Co 's Fet	44, Bloomsbury Square, WCIA 2RA 01-623 885 Corni Whathers 2017 22 27 17 Ct. Weebster Uses 217 25 27 17 Experty & Law Us. Tr. M. (a) (b) (c)	(at Tectant) 170.9 15 -1 6.8 (at Tectant) 77.9
Exempt Pursus 166.6 77.4 -0.4 7.7 For East Exempt	Amerisham Rd, High Wynordine. 0494 2337 IIK Gwth. Tst. Acr. 58.1 62 drd -0.91 49 IIK Gwth. Tst. Inc. 56.7 60 drs -0.01 49 Higher Inc. Tst. Acr. 56.6 65.1 40 48.2 Higher Inc. Tst. Inc. 58.6 33.0 48.3 Higher Inc. Tst. Inc. 58.6 33.0 48.3	77 Da. (Accusa) 69.2 13.0 Pacific Basin 47.4 9.4 9.6 0.6 Da. (Accusa) 77.8 9.5 9.6 9.6 9.6 9.6 9.7 8.5 9.6 9.6 9.6 9.6 9.6 9.6 9.6 9.6 9.6 9.6
Anderson Unit Trust Managers Ltd. 62, Landon Well, ECZR 700 01.638 1200 Anderson U.T	Cistain 12 in 136 34 -01 63	Dn. (Access) 642 199 24 Workshide Gurth 66.7 152 24 Dn. (Access) 106.7 152 24 Lloyd's Life Unit Tst. Micros. Ltd. 2 St. Mary Aug. 5C3A 889 00-625631
Aristancher (Jeff Menne). Co. Ltd. 1, Noble St., ECZY7JA. 01-725-990 inc. Novikiy Pents. 1156.0 175.0 10.32 ecc. Lean Pd. 57.0 50.0 327	20 About 1 and 1 makes ECON 7A1 202 000	Equity Accum. (2) 388 304.01 38
Arthony Wheler Unit Tst. Marst. Ltd. 19. Widepte St. Landon, El 7HP. 01-247 8822 Wieler Geth Fd. Inc. 137.7 48.5 +1.9 26 Do. Accom. 18.8 52.9 —	American (2) 595. (2) 797.4 50.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.	"Unsutherised. Available only to Local Authorities
Artestanot Securities Ltd. (a)(c) 57 Geen St., London, ECAR LSV. 01-296-5201 Capital Growth	James Finley Beit Trest Magt. Ltd. 10-14, West Nile Street, Glaspow. 041-204 132 J. Fleiry Internat!	American Recovery 814 17
Commercial 65 11 2 25 (Accumulation) 105.8 11 2 25 (Accumulation) 105.7 11 2 25 (Accumulation) 105.7 11 2 25 (Accumulation) 105.7 11 2 25 (Accumulation) 11 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Fiving Wild Energy 12 14 12 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Commodity 1130
(Accompletion) 455 1180	Francington Unit Mgt. Ltd. (a)	Dividend 143.3 16.1 8.5 III (Account Units) 30.1 15 8.5 III (Account Units) 30.2 15 8.5 III (Account Units) 30.2 15 8.5 III (Account Units) 30.2 15 III (Account Units) 30
05/2% Withdrawed) 46.6 4 1 12.34 High Vield 77.4 41 11 12.34 (Accumulation) 77.7 12.34 North American 26.5 +14 1.00	(Accept Heles) 1948 906 -10 20 Capital To 684 73.00 -02 45	For Eastern 1306 1383 -0.1 15
Smaller Companies 43.7 45 314 314 314 Archiver Unit Tst. Mes. Ltd.(a)(c)	Extra lacorne Trist. 56.2 (0.0)	(Accum Units) 363 4690 +1.1 6.3 Gat Income 48.6 51.0 +0.2 12.0
\$17, High Hollborn, WCLV THL. 01-821,6233 Archesy Fund. 11352 123.9 J 6.52 Prices April 27. Neet sub. day May 6. Arkwright: Haussgement	Robert Fraser Trust Higt. Ltd. 28b Alternarie St. W1. 100.493 321 600.754	Access (bilts) 199.2 33 4 0.4 1 4.9 (Access (bilts) 466.4 40.4 4.9
Personage Gdrs., Marchester 061-834 2332, Arterigis Rd. April 27, [102.6 109.2]	Friends Prov. Trest Managers (a)(b)(c) Petram End, Dordon, Friends Prov. Britis. 169.9 74.7al -2.3 74.	(Accum Units) 578.2 904.7 17.9 Recovery 132.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4
Unicorn Assertes 57.7 -0.5 1.63 Do. Aust. Acc. 57.5 1 -0.9 150 Do. Asst. (nc. 57.3 1 -0.7 150 Do. Capital 50.3 1 -1.2 5.04 Do. Everon 1st. 150.7 1 -1.2 5.54	Funds in Court* Patric Trustee, Kingswey, WC2. 101-405-430	Specialized Panels Trustee 1842 197 but +0.5 6.90 Company (Special) 1842 197 but +0.5 6.90
Do. Financial 79.6 UT -0.9 489	Figh Yield April 22 195.1 98.01 11.10 "Ussaits, Restricted to marks writer Court count. S.T. Umit Microspers L.M.	Manual fe Management Ltd.
Do. 500 109.7 111 -0.4 531 Do. General 44.6 1 -0.6 638 Do. Gir & Fact Let. het. 46.6 -0.1 130.8 Do. Gir. Pacific Acc. 46.1 97 +0.1 130.1 Do. Growth Acc. 73.5 9 40.1 1.01 Do. Growth Acc. 73.5 -0.7 63.8 Do. Income Tract 118.1 -0.7 63.8 Do. Pri. Ans. 132. 57.1 1 -0.4 138.8 Do. Recovery 67.8 2 -0.3 3.79	GT Can Income 197.9 1500 -0.5 3.8 00 Acr Fe Un 1945 2717 -0.6 3.8 GT bac Fe Un 1945 2791 -11 916	GRAFIER R. 605 617 +05 450 Growth Units 87.6 922 +1.4 436
Do. Trastee Ford	GI int Fund 2017 523 -13 140 GI Far East 6 Bon Fol 101 102 +02 140 GI Turb 4 Gan Fol 1016 952 -24 150	hizone April 25 1123 1183 6.45 General April 25 124 25.5 4.25 hit. April 25 15.6 57.5 4.31 MicApolity Fund Management Ltd.
Barring Brettiers & Co. Ltd. B. Bishopopte, PC29HAF. 01-223 8833 Surtitor Trust 259.0 280 4 425 Do. Accust	6.T. European Fund 97.2 204.5 +0.3 4.08 6. & A. Trest (a) (g) 5 Reyleigh Road, Directivada 6. A 47.1 50.3ad -1.7 5.36	Delphi Inc. 1st. Acc. 37.0 40.3 - 8.77 Delphi Inc. 1st. Inc. 25.4 27.7 8.79 Delphi Inc. 1st. Inc. 25.4 27.7 8.79
Bishapsquite Progressive Mgast. Co.	Sartmore Fund Managers (a)(g) 2 St. Mary Ave. ECIA BEP 01-623 611- berlied usit: 01-623 5764/5906 American Trust	Mencap Unit Trest Mingrs Lid (a)(c)(g) 6 Unicorn Hise, 252 Rondord Rd, E7. 01-534 5544 Mencap
B'suic ** April 27	Braick To. (Dict.) 1003.8 111.7 3.07 Commodity Store 1973 423 423	Mercury Fund Managers Ltd. 30, Gresson St., EC22 2EB, Gen. Die., EC22 2EB, Gen. Acx., 131,4 140,2 -12,3 362 Gen. Acx., 131,4 140,2 -12,2 362 Gen. Acx., 131,4 140,2 -12,2 362 Gen. Bec., 131,4 140,2 -12,2 362 Gen. Bec., 131,4 140,2 1
Regis Hise, King William St., ECA. 01-629-4751. Amer. Good 1 59 613 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	100 100 120	160 ACT 100 AC
Emerget 1110 1760 625 111 111 111 111 111 111 111 111 111 1	int. & Gart. Decrept	Unit Trust Managers Ltd. Courtswood House, Silver Street, Hend.
Britannia Gp. of Unit Trusts Ltd. (a)(c)(y) Salisbury house 31. Finsbury Cross, Loudon EC2 01-638 0478/0479 or 01-588 2777 UNI Specialist Fursity	Govett (John) 77 Lordon Well, EC2 Succhesiders April 23/168.9 179.4 201. 218.1 218.1 218.1 218.1 218.1 218.1 218.1 218.1 218.1 218.1 228.1	Do Apr. 1082 1283 139 3.48
ASSECTION 114.2 173.2 -0.1 476 PRODUCT	Character of the same of the s	High Yield 602 6514 05 667 DO Acc 637 902 07 867
High Income Plants Nat. High Inc	### Strong ECP 20% 07.606 4933 ### Bright N.Y. Acr. 27	00 Acc 518 -0.1 248 00 Acc 519 581 -0.2 248 00 Acc 519 581 -0.4 248 00 Acc 518 441 47.7 -0.1 212 00 Acc 518 449 -0.1 212
Sector Specialist Floris Controlly Stures 1992 107.54 -2.5 3.13 Florida Sect. 1976 1850 4.81 Gold & General 130.7 1821 801	Account (Inits)	Minster Fund Managers Ltd.
Committee Manufacture	Lin and Stress April 20 111 111 111 111 111 111 111 111 111	Minster Hae, Arthur St., ECAR 95H (J.623 1050 Minster April 20
Art. Strater Cos	lag) Guardell 7st	MLA Units 102.0 107.0 3.92 Marray Johnstone U.T. Nigot. (a)
Cartal Acc 771 811-09 422 Cartal Acc 810 618-05 355 Carran & Ind. 610 628-05 355 December 461 52-61-17 449	U.K. Remits Special Sits. Q21 45.9 -0.2 3.66 U.Actium, Units) 56.5 60.7 -0.2 3.66 Restovery 62.8 46.0 -0.8 4.99 Can General 65.9 16.3 1.08 2.15	Marray European
Growth 983 106.0 -0.7 35.1 Professional 9736 654.4-117 5.68 Sheld 95.8 51.2 -0.7 4.17 Except Funds 1719 161.9ct -6.0 5.90 Ex. Mil. Left 363 38.4 -0.5 4.65	High lycome Funds	Broad St. Ave. Eleminold St., EG2 01-628 3911-2. Matted Stc. Phys. 151 8 55,8 -0.3 7 49 Method Inc. 1st. 176.9 8158-0-4 725 Mathod Base Class 47,8 55,8 -0.4 725 9,75
For British Life Office we Reliance tink Man. Brown Shipley & Co. Ltd. (a)(g)	inc. & Growth 99.3 53.0 -0.4 5.44 (Accura, Berts) 80.1 86.1 -0.6 5.64 (Accura, Berts) 80.1 86.1 -0.6 5.64 (Accura, Berts) 80.1 82.5 -0.7 7.92 (Accurate line, 91.1 62.5 (Accurate line, 91.1 62.	National Provident Inv. Magrs. Ltd. 48, Gracechurch St., EC3P 3Hk. 01-623 4200 NPI Cth. Do. 781
B.S. Units April 20 277.0 294.5 544 B.S. Accum April 20 405.5 529.3 -0.5 4.81	Ferencial 48.2 51.6 -0.6 1.57 OH & Not. Res. 57.3 61.4 -0.3 2.75 Interrectional 1.67.4 51.0 -0.2 0.02	National Westwinster (a)
Indian	Citose Tech. 47.4 51.0 -0.2 1.02 international. 52.6 56.4 -0.2 1.02 international. 52.6 56.4 -0.2 1.02 World Wide May 4 151.5 161.2 +0.1 4.19 Oversias Fauls 60.6 65.2d -0.5 2.50 Europoyer. 53.1 57.1d 2.76 1800 Trust. 56.1 36.8 +0.3 0.39	161, Cheapede, ECZY GEU. Carital (Access)
Exempt 633 930m -14 53	Pacific Sm. Coc. 82.4 86.56 40.3 0.35 North Arrer. 61.4 66.0 -0.6 1.23 American Smaller 97.7 15.11.6 1.0 0.05 Exempt Pacific Wight Income (b) 1141.8 147.7 -0.9 6.89	Extra Inc
Rockham PK, April 20, 1881 - 92,8 361 Accum Uses April 20, 123 173,0 1161 Count of April 28 173 173,0 1161 (Accus Uses) April 28 171,2 161 18,0 18 (Accus Uses) April 27 164 185,0 174 (Accus Uses) April 27 164 185,0 174 (Accus Uses) April 27 164 175,0 174 (Accus Uses) April 27 164 175,0 174 (Accus Uses) April 27 164 174 174 174 174	Figh Income (b) 141.8 147.7 -0.9 68° 58° 58° 58° 58° 58° 58° 58° 58° 58° 5	NEL Trust Managers Ltd. (a) (g) Million Court, Dortong, Surrey. 0306 887765 Nelstar Gift & F.I. 53.0 54.3 +0.2 9.33
Connels Life Unit Trust Mingrs, Ltd.	Hassigna Services Ltd. 46L-5L Heless, London ECSP-SEP III-551,0094 Brewin Intl. Gr. Inc., 50.0 53.4 4.50	Northgate Unit Trust Managers Ltd. (c)(y) 20, Moorgate, EC2R6AQ 01-606 4477
Cas. Gest Dist. 50.7 75.4 -0.6 4.79 Do. Gest Accum 77.3 75.1 -0.8 4.79 Do. Harone Dist. G6.5 38.4 -0.8 8.72 Do. Historie Dist. G6.5 38.4 -0.4 8.72 Gift & First. Int. Trust. 25.4 25.7 -0.1 12.44	Hill Sammel Unit Tst. Mgrs.† (a) 45 Beech St., EC2P 21X 60 Bridsh Tinst	Northpate April 29. 1100.9 107.0st 1 5.43 (Accum. Units) 112.3 119.1 1.5 5.0 Norwich Union lessurance Group (b) P.O. Box 4, Norwich, NRI 3NG. 0603 22200 Group Tst. Fund. 1522.7 550.2 -3.3 3.25
Capel (James) Magt. Ltd.	1gt Dollar Trust 95.6 102.3m -0.5 2.64 19.2m -0.5 2.64 19.2m 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 -0.1 2.56 2.65 2.65 -0.1 2.56 2.65	Pearl Trest Managers Ltd. (a)(9)(z)



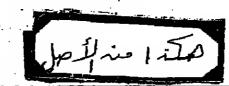
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3 Fredericks Pt. Old Jewry, EC2 01-58; HK American Tet. 1213 33,0 -0.4 HK Estra Income Tet. 2013 30,0 -0.4 HK Estra Income Tet. 2013 30,0 -0.1 HK Far Esta & Gr. 1512/3 HK Growth Te

Investment Intelligence Ltd. (a)
1,3 Worship St., EC2A ZAB.
1,164 Arter Teck Fd., 76.7
1044 Jac. & Growth JS7.4
1049 Schill Fund JS7.4

gAIO.



C	r maneral times tuesday may 4 1982		
/	INSURANCES Life Continued Life Cont	INSURANCE & OVERSEAS MANAGED FUNDS	Granville Management Limited P.O. 80x 73, St. Heiser, Jersey. OSS4 73/53 Colored in Text
1			PO Roy 188 St. Peter Port, Guernsey, 0481 23506.
	Scharine Fund 1462 166 0.3 Pers. Equity Acc	Life Asser. Co. of Pennsylvania Pianned Savings Group 5, New Rd., Chelten, Kenl. Medway 812348 68, East Spreet, Horstein 1040 Units 1172 1231 15 Managed TQL8 75.3 120 Managed 1	
	Egality Ser. 4 55.4 8.2 0.3 Perc. Money &c. 110.6 9 112.5 0.1 Man. Ser. 4 79.1 Perc. Money lant. 110.0 107.4 0.2 Money Ser. 4 79.1 157.5 Conv. Ser. 4 79.7 157.5 Frod Int. Fd. Ser. 6 134.9 15.9 17.5 Town the, 39 Triothy Sq. EC3M40.1 488 2323	Abdit Gerill April 6 - 17.00 - Box 271. Opensory House, Cureo, Street, St.	Hamthro Pacific Fund Mignit. Ltd. RBC Investment Managers Limited PO Box 296, St. Peter Port, Gernsey, 0431-23021. Port Bac April 28 INSE205 22.41 Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Gernsey, 0431-23021. Init, Internet Fd SS 33 2.00 Port Port, Ge
Dogwood St. Al.A.	Protection Francis (1977) 1159 175 175 175 175 175 175 175 175 175 175	Persion Managed 71.2 73.8	Hambres Fd. Mgrs. (C.I.) Ltd. P.D. Box 96, Suerristy. 10991-26521. Raminos Managers Ltd.
g, β (3) §	Person Property 34.7 29.1 Eagle Pens for 14. [12.11 118.10] Person Repairs [691 15.0 - 0.2 Eagle Star Josep Midfand Assur. Penson Managed 27.6 307.0 40.2 L. Threateacde St., EC. 01-588 1212 Penson Found int. 100.8 16.7 0.3 Eagle/Mid. Units. 175.8 78.6 -0.4 6.23	10.55 April 27 125.7 110.0 110	C.1. Fund 25.6 20.5 - 2.5 RAMINCO April 5 \$8.89 9.16 - 3.17 RAMINC
	Afterny Life Assurance Co. Ltd. Equity & Law Life Ass. Soc. Ltd. 31, Old Burliager St., W.1. 01-637 5962 American Road, High Wycombe. 0494 33377	Pent Price April 20, 1945 40.7 UK Equity	1.5 1.5
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ENGINEERING---Continued

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FOOD, GROCERIES—Cont.



30 BRITISH FUNDS 'Shorts" (Lives up to Five Years)

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CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS Public Board and Ind.

SHARE INFORMATION SERVICE LOANS—Continued

Financia!

FOREIGN BONDS & RAILS

AMERICANS

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FINANCIAL TIMES

Tuesday May 4 1982



Exxon abandons shale oil project

EXXON, the world's largest oil company, is ahandoning its \$5bn Colony oil shale project in Colorado, a venture already under construction, which would have become the biggest and most ambitious attempt to produce synthetic fuels commercially in the U.S.

Exxon's decision, announced over the hotiday weekend virtually puts the country's synthetic fuels industry into limho. Barely two years ago it hy the U.S. Government.

The withdrawal dramatically reflects the changed economic fortunes of large oil companies and the general change in the world oil market, which is suf-fering from overcapacity, dwindling demand and falling

Exxon hetd a 60 per cent interest in the project with Tosco, a Californian refiner, holding the other 40 per cent.

The decision to withdraw came has started formal talks with barely 24 hours after the Cana- Seat, the Spanish state-owned dian Government announced it car group, with a view to manuwas ahandoning its giant \$13.1bn | Alsands synthetic fuel project hecause two of the major par-ticipanta, Shell Canada and Gulf Canada, hoth announced they were dropping out of the

Further evidence of the uncertain state of the world The two groups plan the energy market and the oil glut assembly in Spain of the Polocame with a recent decision by Derhy models, the smallest cars the large consortium aiming to in the range, and the Passat huild the Alaskan gas pipeline and Santana.
to postpone until 1989, construction of the Alaska section.

Parts for would be deli

Exxon said it had decided "reluctantly" to discontinue construction of the Colony plant, which was to produce more than 50,000 barrels a day of synthetic crude oil by 1987, hecause of current market conditions and sharply escalating costs. It said more than \$500m

had been spent on the project. Ooly s few months ago, Exxon had indicated it would go ahead with the project in spite of the change in the oil market.

Its decision to withdraw thus came as a surprise although oll industry analysts believe Exxon was becoming more and more concerned about the financial health of Tosco, the country's largest independeo refiner of gasoline.

Exxon and Tosco had also suhmitted different estimates of the higher costs involved to compete ambitious project. Exxon had indicated the project would cost S5hn or more to complete while Tosco said the sum would he about \$3.7bn.

For Tosco. the decision is even more traumatic as the refiner had been working on the project for 20 years and had pinned most of its future prospects on the

It had also won support from the U.S. government Synthetic Fuels Corporation which had agreed to support Tosco with about \$1.7hn in Federal loan guarantees for the Cotony

Tosco had sought Federal aid, hut Exxon, whose financial position is very strong, had not applied for Federal loan

guarantees.
Tosco said it was very disappointed by the Exxon puti-

Tosco said the corporation had already provided it with \$78m in Federal loan guarantt claimed a synthetic fuels industry was vital

Tosco said that under its original agreement with Exxon, he larger oil company would have to huy Tosco's share in the venture for ahout \$380m. Of that, \$80m would he used to repay toans from the corpora-

About \$120m would counted as recovery of Tosco's own investment in the project and taxes would account for has already warned the Enginaboot \$80m. Tosco would thus realise a net of ahout \$100m from the settlement with

cial pressure oo the Government

during the Falklands crisis. It

has raised official hopes that

interest rates can he reduced

to find out why horrowing last

year undershot the target hy

£2bn representing almost a

quarter of the £S.6hn horrowed.

this remain obscure, officials are

cautioualy optimistic that a number of beneficial effects

will carry through into this

Although the full reasons for

when hostilities end.

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UNEXPECTEDLY low rate Islands dispute has created

The Treasury is still trying growth of money supply, and

The first auch henefit has rates or perhaps reduce taxaheen that the authorities are tion later in the year. Of these

relieved of the anxiety of selling two possibilities, further down-

cdged stock while the Falklands seems more likely.

of public borrowing in recent nervousness in the markets.

Reagan hint on summit talks

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

Brezhnev, the Soviet leader, in fit to travel to the U.S.

But officials said it was too early to say whether Mr Reagan the White House suggested it would accept Mr Brezhnev's might be possible for both proposal, made on April 17, for meetings to take place. a full-scale summit in a neutral

during this summer's special returning from his June trip to Europe, and boped Mr Brezhnev

BY KEVIN DONE IN FRANKFURT

facturing 120,000 to 130,000

VWs a year under licence in

Volkswagen is virtually un-represented in Spain, West Europe's fifth higgest car mar-ket, selliog fewer than 3,000

The two groups plan the assembly in Spain of the Polo-

Derhy models, the smallest cars

Parts for Spanish assembly would be delivered mainly from

West Germany, sald Volks-

wagen, with some from Spanish

VW is confident that negotia-tions with Seat can be com-

It said vehicles produced in

Spain would be aimed mainly Ritmo is a rival to VW's top-at the domestic market. But selling Golf, and its firm place

THE TREASURY has started to lodividual targets. exert strong pressure on Mr Mr Heseltine is

pleted this summer.

BY ROBIN PAULEY

by £1.5bn in 1982-83.

Michael Heseltine, Environment

Secretary, to take action against

The Treasury has opened what

promises to be a long and diffi-

tult Cahloet hattle by telling Mr Heseltine that the overspend

is intolerable, and asking him

what he plans to do ahout it. .

The problem bas arisen in

spite of the Government's agree-

ing last year to raise the target

for council spending this year

by £1hn from £17bn to £18hn. In view of this, the Treasury is exceptionally angry about

Mr Heseltine faces great

difficulty about taking action

because he has guaranteed a large number of councils

ENGINEERING employers are

bracing themselves for what

they fear could be more

damaging industrial action over

agreement which ended strikes

in the industry in 1979, claims

on hours are frozen until next

Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, however,

eering Employers' Federation (EEF) that next year's claim

will again concentrate on

ties estimate that they may

have sold around filon more in

Government securities last year

than proved necessary. The esti-

mate takes account of the

the high level of bank lending

as well as the need to fund

fore aomewhat imprecise

public borrowing. It is there-

The low level of public hor-

rowing has, in addition, raised

cautious hopes in the Treasury

that the trend may be continu-

ing this year. If that were the

case, the Government would have some room to cut interest

Under the 39-hour

working hours.

the size of the overshoot.

Spain from 1983-84.

yesterday indicated he might be it was seen as a probe of Reagan-Brezhnev meeting, and to reduce the nuclear arms willing to meet President Leonid whether Mr Brezhnev would he the Administration has said it build-up.

land or Switzerland.

Mr Reagen originally sugundoubtedly remains an American precondition for a full-with Mr Brezhnev io New York during this common the summer of last very during this common than the summer of last very during this common than the summer of last very last very last the summer of last very l Mr Rcagan will not agree to

> tan and other strategic issuesunless be seea a clear chance of

Volkswagen starts talks with

VOLKSWAGEN. West Ger- some Polos would be exported in the existing Seat range ruled many's leading car producer, to other European countries, out the Golf from the planned

supplementing or replacing supplies from West Germany. Dr Werner Schmidt, Volks-

wagen sales director, said the

company had no intention of

taking an equity stake in Seat. The heavily loss-making Spanish car group has been seeking a

strong International partner following the decision hy Fiat of Italy to withdraw.

Méasures to raise new capital were a matter for INI, the Spanish state holding company which took over control of Seat from Flat, and not for Volkswagen said Dr Schmidt, Both companies would remain inde-

companies would remain inde-pendent and VW would have no

control over Seat's choice of

models from other manufac-

Seat production Is concen-

trated on two main models, the

Flat Ritmo and the Panda. The

Treasury pressure on Heseltine

worst affected would be Tory

battled hard against such con- cuts.

Engineering employers fear more conflict

which could have very serious

Dr McFarlane said: "It seems

Government's term may be

marked-like its beginning-by

a major push by unions for sig-

nificant concessions on working

The reason for optimizm

about the trend is that the

amount of tax delayed from last

year to 1982 by the civil ser-

of the Budget. It is also sug-

gested that the low borrowing.

figure may indicate that public

spending is now under much

However, horrowing figures

are notoriously difficult to pre-

dict and the Treasury is await-

ing firmer evidence, which

should he available in the

summer, hefore coming to a

In spite of the military action

so far little alarm that the sterling.

hetter control.

consequences for the whole 1979,

cessions.

immunity from penalties if they would not tolerate powers

they are under one of their for selective intervention.

Optimism at low rate of public borrowing

This is hecause the authori- latest estimate suggests the

a substantial amount of gilt- ward pressure on interest rates in the South Atlantic, there is York indicating the strength of

BY PHILIP BASSETT, LABOUR CORRESPONDENT

breaking the guarantee to under- because there is a strong doubt

spenders-and making them as to whether across-the-board

The Treasury's reply is that of councils to levy supple-

Mr Hesseltine has only himself mentary rates. This means that to blame hecause he bowed to any cuts in grant through

pressure to remove clauses penalties could be met only by

(which would have given him cuts in staff and services, unless setective powers) from the substantial balances were avail-

Local Government Finance Bill able. Low-spending councils,

during the committee stage, already pared to the hone, would

Mr Hesseltine can argue that lems but thinks the onus is on without the change to those Mr Heseltine to find a way out clauses the Bill would have of the pit which Treasury

falten hecause many Tory back- officials say he has dug for henchers had indicated that himself.

Dr. James McFarlane, director- He acknowledged that because

general of the EEF, told the of unemployment, the unions

Financial Times industrial rela- were perhaps less well-equipped

tiona conference last week that now to mount such a campaign

there was a possibilty that the than they were previously. How

industry may have to face a ever, the damage to eogineering

most likely that the end of this 39-hour week have enacted it a

vants' strike is some £500,000 could probably be met from the

more definite view. Yet there cents it gained on Friday after is already a feeling in White-rumour that Argentina had hall that there may be room for agreed to withdraw from the

more than estimated at the time contingency reserve.

challenge next year, companies had left them less

though the Treasury have to make further service

The

Local

Finance Bill removes the right

The Treasury sees the prob-

Both sides are preparing for

able to weather conflict than in

to the EEF agrement on the

little or no cost by altering

lunch hours and other hreaks.

They feel that the effects of

another cut in hours could not

easily he absorbed in this way.

operation will have a serious

impact on Government finances.

The cost of the operation up to

the present is estimated by

officials at about £100m. This

Last year's reserve of £2.5bn

fighting continues

was substantially underspent-

by about £1bn-and the reserve

around the Fatklands, it is

unlikely that the authorities

In New York yesterday,

will try to reduce interest rates.

sterling more than held the t.8

Falklands. At midday the pound

was quoted at \$1.8150 in New

for this year is £2.25hn.

While

Many of the companies party

Government

political uproar. Most of those the House of Commons

Seat on licensing venture

will soon be ready with a After Mr Brezhnev countered negotiating position for a new with his own summit proposal, round of what it calls strategic arms reduction talks (START).

The U.S. has also come under pressure from its European Mr Resgan has long said he allies to add strategic arms would favour a summit provided talks to the separate Geneva

Pressure on Mr Reagan to United Nation's session on dis-armament. Mr Reagan said he at a time of tension with intensified with the growing aup-would address the session after Moscow over Poland. Afghanis- port in the U.S. for an immediate freeze on the superpowers' nuclear weapons.

VW/Seat venture.

Dr Schmidt said the link with Seat, which holds about 30

per cent of Spanish car sales, offered VW access to a consider-

ahle market share in Spain
"without the costly and risky
husioess of winning its own
market share and of building its
own organisation." Last year,
new car registrations in Spain

The deal should also open the Spanish market for imports of

other models—probably Audis
—from VW's West German pro-

duction. Volkswagen established

a wholly-owned importing agency io Spain io May last

year.

VW has already chosen the licensing of local manufacture to break into the Japanese market. Nissan is due to start

the assembly of the Santana from late-1983, with an initial output of about 60,000 a year.

were just under 500,000.

PRESIDENT. Ronald Reagan thought in Washington, because item on the agends of any Reagan had not done enough

The freeze proposal was supported by a majority of almost three-to-one of those that had heard of it.

Mr Reagan is thought to believe be can defuae some of the anti-nuclear sentiment in the U.S. by meeting Mr Brezhnev. He has already responded by supporting a "long-term freeze" on nuclear weapons—but only after the U.S. had restored the deterioration strategic balance.

The Washington Post yesterday reported that Austria and Ireland were the two most likely. countries for an October meetwould too.

Success.

In an opinion poll published ing. Officials here say Mr
Moscow reacted coolty to the 1t is assumed that strategic last week, 48 per cent of re- Brezhnev wants the talks to be proposal, at least partly, it is arms control would be a major spondents asid they thought Mr held in Europe

Photo card plan aims to curb fraud

BENEFICIAL TRUST, the UK retail hanking subsidiary of Beneficial Corporation of the U.S., is to issue its 50,000 account holders with cheque guarantee cards carrying a photograph of the cardholder.

which is estimated to he costing

graphs of the nearer.

UK clearing hanks are examining a number of options to reduce cheque guarantee card fraud, including the use of photographs and redesigning cords to make it more difficult for the cardholder's signature to be erased. Earlier last week, they announced that the use of existing cards overseas will be

Beneficial Trust decided to This same argument could local authorities which are suffer for the sins of some very penalties, with ILEA escaping budgeting to overshoot the high spending by Lahour metro- and prudent Tory councils pay- Government's spending targets politan counties—would cause ing the price, could get through

> the initial cost was high, the long-term henefits were "well worthwhile." Despite fears expressed by some hanks that customers would object to photo cards Beneficial Trust said Its tests had revealed no customer resistance and added that many account holders used the cards as Identification.

Weather

UK TODAY SHOWERS, some sun in south. Snow in Scotland. London, S. E and NW England, Midlands, Wales and Channel

Sunny intervals, scattered some blustery. Max 11C (52F). NE England, Borders, E Scotland

Rest of Scotland, N Ireland

8C (46F). Ontlook: Wintry showers with

WORLDWIDE

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Amadm.	F	10	50	Luxmbg. Luxor	_	_	
Athens	C	17	63	Madrid	F	22	72
Rabrain	S	34	93	Majorca	S	21	70
Barolna.	C	17	63	Malage	S	21	70
assurt	-	_	_	Malza	Æ	20	68
Bellast	С	8	46	M'chetr. Malbna.	F	10	50
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Soulgn.	F	10	50	Миліch	S	17	63
Brustol	5	10	50	Nairobi		_	-
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audpst.	S	17	63	Nassau		_	_
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Cardiff	Š	10	50		F	13	55
Can b'ca	F	25	77	Nice	F	16	61
Cage T.	5	20		Nicosia	5	19	66
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Gibraltar	5	18	86		F	9	48
Glasgow	č	8	48		F	16	
G'rnsey	F	11	52	Strasbg.	г	10	61
Helginki	Č	4		Sydney		22	72
K Kong	5	28	82	Tangier	Š		
lonsbik.	S	17	63	Tel Aviv	Ş	20	88
nvffiss.	č	4	39	Tenerile	5	22	꼬
.a Man	5	.9	48	Takyo	c	25	77
İstanbul	ş	17		Trontot	Ğ	.9	48
Jarsay	Ĕ	12	54	Turus	S-	19	66
10, pnut	5	19	561	Valencia	S	20	68 {
L. Pims.	5 F	23 -	73	Vanice		17	<u>a</u>
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rocewo	Ç	14	5/	Warsaw Zurich	a	17	5
London	г ч	9	- 461	Zurich	a_		ᅃ

The move is aimed at curbing cheque guarantee card; fraud,

UK hanks £12m a year.

The bank which has 68 hranches, claims to be the first in the UK to issue cheque guarantee cards with photo-graphs of the hearer.

hanned from May 1 next year. Cheque guarantee cards allow customers to write cheques whose payment is assured by the hanks provided certsin standard procedures are

introduce the photo card throughout its branches followtng trials involving 3,000 account holders at two of its hranches in the Midlands. Every hranch will have equipment cards on the spot. The cards will cost the bank about 50 pence each compared with about 10p for a standard plastic cheque card. There will be no

charge to customers.

The bank said that although

Cloudy with prolonged wintry

Squally showers. Some snow. Gate-force winds. Cold Max

sunny intervals.

Ajscino S 17 63 L. Ang.† C 15 51 Algiers S 28 82 Luxmbg. C 11 52 Amedm F 10 50 Luxor — — Athens C 17 63 Majorca S 21 70 Barolne. C 18 66 Majorca S 21 70 Belgrof. S 20 68 Melbne. E 10 50 Belgrof. S 20 68 Melbne. E 10 50 Belgrof. S 20 68 Melbne. C 18 64 Blackpl. F 9 48 Monuri.† C 11 52 Bordw. S 18 64 Moscow C 8 48 Boulgn F 10 50 Minch C 18 64 Blackpl. F 9 48 Monuri.† C 11 52 Bordw. S 18 64 Moscow C 8 48 Boulgn F 10 50 Minch S 17 63 Brustol S 10 50 Melrobi — — Cairo S 27 81 Nassau — — Cairo S 27 81 Nassau — — Cairo S 27 81 Nassau — — Cardif S 10 50 N Yorkt F 13 55 Can b ca F 25 77 Nice F 16 61 Can b ca F 25 77 Nice F 16 61 Choggref C 15 59 Osto R 4 33
Algiers S 28 82 Luxmbg C 11 52 Amedm F 10 50 Luxor — — — — — — — — — — — — — — — — — — —
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Asrut Bellast C 8 46 Michat F 20 88 Belgrid S 20 68 Michat F 10 50 68 Michat F 10 50 68 Michat C 14 S7 Ms. C.† — — Alarritz S 18 61 Miemit C 22 72 Bright F 10 50 Michat C 18 64 Blackpi. F 9 48 Monuri.† Ci 11 52 Bordx. S 18 64 Moscow C 2 48 Boulgn F 10 50 Munich S 17 63 Brustol S 10 50 Munich S 17 63 Brustol S 10 50 Munich S 17 63 Brustol S 17 63 Nassau Cairo S 27 31 Nwest. S 8 46 Cardiff S 10 50 N Yorkt F 13 55 Cardiff S 10 50 N Yorkt F 13 55 Cardiff S 20 68 Nicosia S 19 66 Cheg. t Ci 11 S2 Operto C 15 61 Cologne C 15 59 Operto C 15 61
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Bartin C 14 S7 Ms. C.† ——————————————————————————————————
Bartin C 14 S7 Ms. C.† —— Rarritz S 18 61 Miamit C 22 72 Region F 10 50 Miles C 18 64 Blackpl. F 9 48 Montri C 11 52 Bords. S 18 64 Moscow C 8 48 Boulgn F 10 50 Munich S 17 63 Brussels R 8 46 Naples S 17 63 Brussels R 8 46 Naples S 17 63 Audpest S 17 63 Nassau —— Cairo S 27 81 Nwest S 8 46 Cardif S 10 50 N Yorkt F 13 55 Cardif S 20 68 Nicosis S 19 66 Cheg T 5 20 68 Nicosis S 19 66 Cheg t C 15 59 Operto C 16 61
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Audpest, S 17 63 Nassau Cairo S 27 81 Nwestl, S 8 46 Cardiff S 10 50 N Yorkt F 13 55 Cas b ca F 25 77 Nice F 16 61 Cape T, S 20 68 Nicosla 5 19 66 Cheg t Cl 11 52 Operto C 16 61 Cologne C 15 59 Operto C 16 61
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Cam b'ca F 25 77 Nice F 16 61 Cane T S 20 68 Nicosis 5 19 66 Chrog t Cl 11 S2 Operto C 16 61 Celogne C 15 59 Osto R 4 39
Ceps T. S 20 68 Nicosis S 19 66 Chicg t Cl 11 SZ Oporto C 16 61 Cologne C 15 59 Oslo R 4 38
Chicg.t Cl 11 S2 Oporto C 16 61 Cologne C 15 59 05/0 R 4 39
Cologne C 15 59 Osfo R 4 39 I
Српhgл. R 7 49 Paris C 15 59
Corfu S 20 68 Parth C 19 66
Denvert Ci 11 52; Pregue C 15 61 }
Dublin C 9 48 Reykjek. F -4 25
Obrank. 5 19 56 Phodes
Edinboh R 7 A5 Ria J'at 1
Faro C 21 70 Roma F 18 54
Faro C 21 70 Roma F 18 54 Florence F 21 70 Salzbrg, S 17 53
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Funchel F 21 70 S. Montz
Gameva S 19 66 Singapr
Gibraltar 5 18 86 S'tiegot
Helsinki C 4 39 Sydney N Kong S 28 82 Tangier S 22 72
Invense. C 4 39 Tenenie S 22 72
I.a Man S 9 48 Tokyo C 25 77
Islanbul 5 17 63 T'rontot Cl 9 48
Jersey F 12 54 Turks S 19 66
L Plms. 5 23 73 Vanice — —
L. Pims. 5 23 73 Vanice
Lisbon F 20 561 Viennis \$ 17 53 }
Locamo C 14 S7 Warsaw F 13 55
London F 9 48 Zurich - 8 17 63

THE LEX COLUMN

Sterling rides the storm

helieving Argentina to have dispute. It reopens today after an inappropriately long week-end to find that there is war on. which gives a farcical look to the prices struck in the last half-hour of trading on Friday—three point gains on gilt-edged and a 4 per cent mark-up on leading equities.

Nevertheless, these prices relayed important information: they showed where the market wanted to go. Sterling was remarkably firm in international trading yesterday, which suggests that some proportion of the slock market's advance might be held. At midday in might be held. At midday in New York the pound was quoted at \$1.8t50—two cents above the levels ruling in London on Friday just before the markets were misled into fervent hope. Against the D-Mark, it was up from 4.1850 to 4.22.

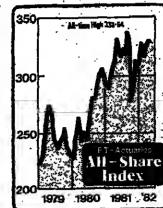
At the moment, then, there is no pressure on aterling to force higher interest rates in London. The strength of the pound to some extent reflects the considerable international support the British Government has received, and its success in wrenching the initiative away from the Argentines; all very different from the position a month ago. The principal uncertainty for the markets is the standing of the Prime Minister and the Government in general should the British forces suffer a serious sethack. Against that, the Government has everything to gain if the operation succeeds,

Apart from the South Atlantic, there was a general heightening of international tension vesterday, from Poland to the Lebanon. But the gold price, at \$345 an ounce in Zurich, was roughly balfway Zurich, was roughly baltway hetwee Friday's midday level of \$360 and the \$330 hriefly toucbed that evening.

Preserving pensions

A situation dangerously close to stalemate is developing over the question of transferability of pension rights. The Govern-ment is still huffing and puffing, with its insistence that those who change jobs must be given a fair deal on pensions. But there is little sign that it will be hrave enough to introduce payroll. legislation in the foreseeable

voluntary action by the occupational pensions movement are being received sceptically. The Department of Health and Social Security is itself being would like to improve the posi-



posals might be incompatible. In the circumstances a kind of planning hlight is affecting the

whole area.

It is a subject which is plagued by inappropriate tanguage. The pensions industry likes to talk about "early" leavers; meaning any employee who teaves voluntarity or insulating in personal recommendations. who teaves voluntarity or in-voluntarily hefore normal retirement age, as though staying in the same job until 65 were the norm rather than the ex-ception. And the problem is not simply transferability, sithough something could be done to improve the terms on which actuaries approve transfers from one scheme in another. The key question, rather, is that of the preservation of deferred At present the deferred pen-

employees of private sector companies are wide open to erosion future improvements in prerecent survey by the National Association of Pension Funds treatment to deferred pentor funds give increases in were declared redundant. That deferred pensions (compared might require an expensive with 85 per cent of public round of topping-up of pension funds. The Occupational Pensions

Board, reporting in June 1981, promise solution was to suggest scope for a minimum statutory 5 per cent annual increase in deferred the pressons, which it costed at an increase. acceptable 1 to 2 per cent of

Calls by the Government for the Government is said to be tions that employers and emmulling over "alternative approaches" though none of these can amount to an easy tection of deferred benefits from accused of dragging its heels, some particular day in the Those pension schemes which future would instantly render some particular day in the many pension schemes insotvent. fairer reallocation they will be tion of ex-employees are Cheaper alternatives—such as forced to continue to roh Peter, inhibited from making changes preserving only pension rights to pay Paul

would no solve the problem. The trade unions have not in megotiated at all strongly oo. this subject in the past, but the wave of redundancies has given, new urgency to the problem in the pr expectations is a double disaster. For this reason there might he some political inchna tion to treat the voluntary teaver and the redundant ememployee differently in legislation, on the view that at least the former changes his job with his eyes open. Yet the extra pensions burden would

earned in the future, or allow-ing only partial preservation—

fall very largely upon the weaker industrial companies which have been shedding labour fastest, and would be teast abte to pay. Many indus trial company schemes have only stayed solvent at comparatively tow levels of contribution because of the boost given. to their funding by the freezing of the rights of departed

employee members. It is not easy to be selective about pension rights. The OPB pointed out the "knock on" problems in giving protection to deferred pensions on a scale not offered to pensions in payment (only 1 per cent of private sector schemes inflation-press pensions in payment, against 77

per cent of public aector schemes, according to the NAPF survey). There is conentitlement of cx- cern among the managers of private sector achemes that less than a fifth of private scc-stoners—at least those who tor funds give increases in were declared redundant. That "" a

The problems of deferred pensioners are largely caused by inflation, and will be corredecided that there was a need for change; but considered that spondingly reduced if inflation, the full cost of preserving deferred benefits in real terms prices will shift rather than continues to ease. Steadler would be too large to be accept cure the problem for pension table to companies. Its com- schemes: there wil be much less scope for culting the henefits of pensioners in real terms, and the pressure on solvency will The only healthy way out is (121)

for pension schemes to redis Such an unsatisfactory half- tribute the benefits fairly, withway house, pleased nobody. Now in the context of the contribuployees are able and willing to: provide. It is going to he very hard to propose that loyal. long option. To insist on proper pro-tection of deferred benefits from less. Pension schemes cannot and easity shed past commitmeets. Unless they can achive a

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